A Climate for Change:
Alternatives for the Central and Eastern Arctic

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by

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PREFACE

Canada's northern regions are vast, and hold a great wealth of potential mineral resources. Consequently, the political evolution of the territory encompassed by the land claims of the Inuit Tapirisat of Canada (approximately one-third of the total area of Canada) is of great interest to the mineral sector and to those interested in mineral development, mineral policy, and regulation of the mineral industry. The Centre for Resource Studies is pleased to present the findings of the Eastern Arctic Study, in the hope that it will provide useful information and food for thought to those involved in or affected by the political evolution of this region.

The opinions expressed are those of the authors, and do not necessarily represent the views of the Centre for Resource Studies or its sponsors, or of the Donner Foundation.

Brian W. Mackenzie
Interim Executive Director
Centre for Resource Studies

FOREWORD

For three years, from 1980 to 1983, members of the Eastern Arctic Study research team worked to develop and to assess alternative approaches to political development and land claims settlement in Canada's central and eastern Arctic. As principal investigator for this study, I would like to acknowledge the unstinting efforts of Sharon Brown, Anne McAllister, and Margot Wojciechowski who worked with me throughout the project. Their commitment to the study itself and to the development of a better understanding of northern issues made my job a pleasure. C. George Miller, formerly Executive Director of the Centre for Resource Studies at Queen's University, served as co-principal investigator of the study prior to his departure to the Government of Canada to become Assistant Deputy Minister, Mineral Policy, Department of Energy, Mines and Resources. His initial enthusiasm for the study and continuing support were of great assistance.

The study was carried out with the financial support of the Donner Canadian Foundation. Catherine MacKinnon, Senior Programme Officer at the Foundation, provided excellent assistance when the study was in its formative stages. Her interest in the work as it progressed was also a source of encouragement.

Research on northern issues can often be as contentious as the substance of the issues themselves. For this and many other reasons, we benefited from the assistance of the Eastern Arctic Study Advisory Committee. That committee, comprising representatives of Inuit Tapirisat of Canada, the Government of Canada, the Government of the Northwest Territories, the mineral industry, and other interested organizations and individuals, met with us at critical points in our research, reviewed drafts of our publications and provided advice and assistance in our fieldwork. A list of members of the advisory committee is appended.

In the course of our research, the study team visited many northern communities. Our welcome was consistently hospitable. Elected and appointed officials of the communities of Arctic Bay, Pond Inlet, Baker Lake, Rankin Inlet, Spence Bay, Pelly Bay, Gjoa Haven, Cambridge Bay, Coppermine, Holman, Inuvik and Tuktoyaktuk spent time with us and allowed us access to material relevant to the study. Officials of the Government of the Northwest Territories and the Government of Canada were also consistently helpful. This openness made our research possible. Similarly, officials of various industrial development concerns active in the north and Inuit Tapirisat of Canada contributed through their advisory support and through the provision of information.

Home base for the study was Queen's University at Kingston. The university's Office of Research Services provided assistance throughout the Study. Marilyn Rivington, Saley Lawton, Marianne Leather, Donna Beaubien and Joan Murray handled production of a seemingly endless flow of material with consummate ease. Once this manuscript was complete, the Government of the Northwest Territories provided a translation of the summary of A Climate For Change.

For those interested in the subject, research on Canada's north is seductive. It becomes a time-consuming passion which often requires the forebearance of family and friends as extended forays are made to places which are totally removed from their experience. On behalf of all of the Eastern Arctic Study research team, I would like to acknowledge the support of family and friends who endured extensive absences and extended discussions of our northern interests. On a personal note, I would particularly like to thank Andrew Graham and Karen McQuaid without whose assistance this work would have been impossible.

Katherine Graham
Principal Investigator, Eastern Arctic Study
and
Director, Institute of Local Government
Queen's University at Kingston

Winter, 1983

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SUMMARY

The purpose of the Eastern Arctic Study was to identify alternative approaches to political development and land claims settlement in the land claim area of Inuit Tapirisat of Canada (ITC) and to assess these alternatives in terms of their implications for local government and for those interests involved in industrial development. The final report is based on evidence from case studies of mineral exploration and development in the central and eastern arctic, a review of industrial development in two areas where land claims have already been settled (Alaska and in the James Bay area of northern Quebec), and a general assessment of political development, land claims negotiations, and industrial development activity in the Northwest Territories.

A Climate for Change focuses its attention on twelve general alternatives for the political development of the central and eastern arctic and the settlement of land claims. These alternatives are:

i Continuation of the existing distribution of powers between the federal and territorial governments and no land claims settlement in the central and eastern arctic;

ii Continuation of the existing distribution of powers between the federal and territorial governments and a land claims settlment similar to the James Bay agreement;

iii Continuation of the existing distribution of powers between the federal and territorial governments and a land claims settlement resulting in Inuit influence over industrial development;

iv Continuation of the existing distribution of powers between the federal and territorial governments and a land claims settlement involving Inuit control over industrial development;

v Greater power for the territorial level of government and no land claims settlement in the central and eastern arctic;

vi Greater power for the territorial level of government and a land claims settlement similar to the James Bay Agreement;

vii Greater power for the territorial level of government and a land claims settlement involving Inuit influence over industrial development;

viii Greater power for the territorial level of government and a land claims settlement involving Inuit control over industrial development;

ix Centralization of power by the federal government and no land claims settlement in the central and eastern arctic;

x Centralization of power by the federal government and a land claims settlement similar to the James Bay agreement;

xi Centralization of power by the federal government and a land claims settlement involving Inuit influence over industrial development;

xii Centralization of power by the federal government and a land claims settlement involving Inuit control over industrial development.

Each of these alternatives is assessed to determine how it might avoid some of the difficulties associated with the current approach to industrial development and to identify its other strengths and weaknesses. No attempt is made to identify one alternative as better than the others. Instead, the study tries to set out the strengths and weakness of each approach so that readers can make their own decisions.

The study concludes with the observation that governments, industry and the people of the Northwest Territories are all willing to consider change. This makes an excellent opportunity to learn from the past and plan for the future political system of the central and eastern arctic. The relationship between that political system and the community governments which will be part of it, with those working to develop minerals will be important in the future.

The Eastern Arctic Study was carried out with financial support from the Donner Canadian Foundation. It could not have been finished without the participation of communities in the north, the Government of the Northwest Territories, the Government of Canada, Inuit Tapirisat of Canada and companies active in the north. Thank you.

RÉSUMÉ

L'objectif de l'Etude de l'Arctique de l'Est était d'identifier les différentes solutions aux problèmes du développement politique et du règlement des revendications territoriales dans la région des revendications territoriales du Inuit Tapirisat du Canada (ITC), et d'évaluer les options possibles en fonction de leurs implications pour le gouvernement local et pour les compagnies ayant des intérêts dan sle développement industriel. Le rapport final est basé sur des études de cas de prospection et de développement des ressources minerales dans l'Arctique central et de l'est, sur un examen du developpement industriel dans deux régions où la question des droits territoriaux a déjà été réglée (l'Alaska et la région de la Baie James dans le nord du Québec) et sur une évaluation générale du développement politique, des négociations relatives aux revendications territoriales, et due développement industriel dans les Territoires du Nord-Ouest.

Un Climat propice au changement examine douze options générales possibles pour le développement de l'Arctique central et de l'est et le règlement des revendications territoriales. Ces options sont les suivantes:

i le maintien de la distribution actuelle des pouvoirs entre les gouvernements fédéral et territorial; pas de règlement des revendications territoriales dans l'Arctique central et de l'est;
ii le maintien de la distribution actuelle des pouvoirs entre les gouvernements fédéral et territorial et un règlement des revendications territoriales similaire à celui de la Baie James;
iii le maintien de la distribution actuelle des pouvoirs entre les gouvernements fédéral et territorial et un règlement des revendications territoriales permettant aux Inuit d'exercer une influence sur le développement industriel;
iv le maintien de la distribution actuelle des pouvoirs entre les gouvernements fédéral et territorial et un règlement des revendications territoriales donnant aux Inuit la régie du développement industriel;
v un pouvoir accru accordé au gouvernement territorial et pas de règlement des revendications territoriales de l'Arctique central et de l'est;
vi un pouvoir accru accordé au gouvernement territorial et un règlement des revendications territoriales similaire à celui de la Baie James;

vii un pouvoir accru accordé au gouvernement territorial et un règlement des revendications territoriales permettant aux Inuit d'exercer une influence sur le développement industriel;
viii un pouvoir accru accordé au gouvernement territorial et un réglement des revendications territoriales donnant aux Inuit la régie du développement industriel;
ix la centralisation du pouvoir par le gouvernement fédéral et pas de règlement des revendications territoriales dans l'Arctique central et de l'est;
x la centralisation du pouvoir par le gouvernement fédéral et un règlement des revendications territoriales similaire à celui de la Baie James;
xi la centralisation du pouvoir par le gouvernement fédéral et un règlement des revendications territoriales permettant aux Inuit d'exercer une influence sur le développement industriel;
xii la centralisation du pouvoir par le gouvernement fédéral et un règlement des revendications territoriales donnant aux Inuit la régie du développement industriel.

Chacune de ces options est évaluée pour déterminer si elle pourrait éliminer certaines des difficultés rencontrées dans la manière actuelle d'aborder le développement industriel et pour en identifier les autres forces et faiblesses. Aucune de ces options n'a été présentée comme étant meilleure que les autres. L'étude essaye plutôt de mettre en évidence les forces et les faiblesses de chaque option de façon à ce que les lecteurs puissent prendre leurs propres décisions.

L'étude fait remarquer dans sa conclusion que les gouvernements, l'industrie et la population des Territoires de Nord-Ouest sont tous favorables à la notion de changement. Il s'agit donc d'une excellence occasion pour tirer des leçons du passé et pour faire des projets pour le futur système politique de l'Arctique cental et de l'Est. A l'avenir, les relations entre le système politique, les gouvernements des communautés qui en feront partie, et ceux qui travaillent au développement minéral, seront des plus importantes.

L'Etude de l'Arctique de l'Est a été exécutée avec le soutien financier de la Fondation canadienne Donner. Elle n'aurait pas pu être menée à bien sans la participation des communautés du nord, du gouvernement des Territoires du Nord-Ouest, du gouvernement du Canada, du Inuit Tapirisat du Canada et des compagnies actives dans le nord. Nous vous en remercions.

ᓄᓇᒥ ᓯᓚᖅᑐᒥ ᐊᔅᔨᕐᑦᑐᒥᒃ :

ᑭᒃᑯᓐᓂᖅ ᐅᓂᒃ ᑲᓕᐅᕐᑕᐅᓯᒪᓕᐊᓂ
ᖃᐅᔨᓴᕐᑕᓕᐅᕐᑐᓂᑦ ᐅᕐᖁᒥᐅᓂ

ᓯᓇᑐᐃᕐᓇᑦᓂᒃ ᖃᐅᔨᓴᑦ ᐃᑉᒥᖃᕐᔪᖅ
ᐊᒪᓗ
ᓘᒃ ᒪᐸᒪᒃ ᑯᑦ ᒥᕐᓴᓂᑦ ᐃᓕᓐᓂᐊᕐᕕᒥᑦ
Queen's University, Kingston-ᒥ

ᖃᐅᔨᓴᕐᑎᖃᕐᐳᖅ ᐅᕐᖁᒥᐅᓂ ᐱᑦᔪᑎᖃᕐᓗᓂ ᖃᐅᔨᒥᐊᒪᐅᓗᓂ ᐱᓕᕆᐊᕐᑎᓂ ᐅᐅᒪᔪᕐᑐᓂ ᐊᔾᔨᑦ ᐱᒥᐊᕐᔪᑎᑦᑕᕐᑐᕐᑲᑦᓂᕐᐸᑦ ᒪᐸᒪᓕᓐᓂᑦᒥ ᐱᐅᓕᐊᒥᓯᓂᑦ ᔫ ᐊᒪᓗ ᓄᓇᑦᓯᐊᓂᑦ ᔫ ᑖᓂ ᐃᓄᐃᑦ ᑕᐱᑦᓯᑦ ᑯᑦ ᓄᓇᑦᓯᐊᐱᔪᕐᓂ ᐊᒪᓗ ᖃᐅᔨᓂᕐᑕᐅᔪᖅᓗᑦ ᐊᔾᔨᑦ ᐱᒥᐊᕐ-
ᑎᐅᓕᔪᕐᔪᖅ ᔫᑯ ᒪᐸᒪᓕᓐᓂᑦ ᔫ ᐱᑦᔪᑎᖃᕐᔪᖅ ᐊᒪᓗ ᑕᒪᑦ ᑯᐊ ᐱᓕᕆᐊᕐᒪᓕᐅᑦ ᐃᓐᓇᐃᔭᑦ ᐱᑦᑲ-
ᐊᕐᑖᑦ ᐱᐅᓇ ᐱᑦᔪᑎᕐᓗᑦ. ᑭᓯᓐᓇᖅ ᖃᐅᔨᓴᕐᑎᓄᑦ ᑎᑎᕋᕐᓯᒪᓕᐅᑦ ᖃᐅᔨᓴᕐᑕᐅᓯᒪᔪᓂᑦ ᑯᑦ
ᖃᐅᔨᒪᓂᖅᓯᑦ ᐅᔭᕋᓐᓂᐊᓂᐅᑦ ᒥᕐᓴᓂᑦ ᖃᐅᔨᒪᔾᔪᑎᖃᕐᓂ ᖃᐅᔨᓴᕐᑕᐅᓯᒪᓕᐅᑦ ᑎᑎᕋᕐᑕᐅᓯᒪᔪᖅ
ᐱᑦᓯᐊᕐᓂᐊᓐᓂᐊᓗ ᕿᑭᖅᑕᓂ ᐅᕐᖁᒥᐅᓂᓗ ᖃᐅᔨᒪᓂᑦᔪᑎᓯᒪᔪᖅ ᒪᓕᑦᓯᑦ, ᐊᒪᓗ ᖃᐅᔨᓴᕐᑎ-
ᖃᕐᓯᒪᑦ ᔪᑦ ᐃᓐᓇᐃᔭᑦ ᐱᑦᑲᐊᕐᑖᑦ ᒪᓯᐅᓂ ᓄᓇᑦᓯᓂ ᓄᓇᑦᓯᐱᒋᓯᒪᓕᐅᓂ ᓄᓇᑦᓯᐱᐅᓂᐊᓐᓂᐅᓂᓗ
(ᐊᑐᕐᑲᒥᓗ ᐊᒪᓗ ᑯᐸᐃᑦ ᑕᑦᑭᕐᓂ James Bay-ᒥ), ᖃᐅᔨᓴᕐᑎᖃᓕᑦᓯᒪᑦ ᔪᑦᓗ ᒪᐸᒪᓕᓐᓂᑦ ᔫ
ᐱᑦᔪᑎᖃᕐᓯᒪᓕᐅᓂᐊᓐᓂᐅᑦ, ᓄᓇᑦᓯᐊᓂᑦ ᔫᓗ ᐊᑐᕐᑕᐅᓯᒪᓯᐊᕐᑕᐅᓯᒪᓕᐅᑦ, ᐱᑦᔪᑎᖃᕐᓂᐊᓂᓗ
ᓄᓇᑦᓯᐊ.

ᑖᒃ ᑯᐊ ᖃᐅᔨᓴᕐᑎᓄᑦ ᐊᑎᖃᕐᑎᑦᓯᔪᖅ ᖃᐅᔨᒋᑦᑐᖅ ᐃᒪᐃᓐᓇ Climate for Change (ᓄᓇᒥ
ᓄᓇᖃᕐᑐᒥ ᐊᔅᔨᕐᑦᑐᒥᒃ) ᐱᑦᔪᑎᓗᐊᕐᔪᖅ 12-ᓂᒃᑯᓐᓂ ᐊᔾᔨᑦ ᐱᒥᐊᕐᑕᐅᓯᒪᔪᖅᓗᑦ
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ᐊᔾᔨᑦ ᐱᒥᐊᕐᑕᐅᓯᒪᔪᖅ:

i ᒪᐸᒪᑐᖃᐃᕐᓗ ᓄᓇᑦᓯᐊᓗ ᒪᐸᒪᒃ ᑯᑦ ᑐᓂᐅᖃᐃᒥᓇᑦᓱᒥ ᓴᕐᕿᓂᐅᔪᓐ ᐊᒪᓗ
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ii ᒪᐸᒪᑐᖃᐃᕐᓗ ᓄᓇᑦᓯᐊᓗ ᒪᐸᒪᒃ ᑯᑦ ᑐᓂᐅᖃᐃᒥᓇᑦᓱᒥ ᓴᕐᕿᓂᐅᔪᓐ ᐃᓄᐃᑦ ᓄᓇᑦᓂᑦ ᔫ
ᐊᑐᕐᑕᐅᓱᒥ ᑕᐃᓚᓂᑐᖅ James Bay-ᒥ ᐊᑐᕐᑕᐅᓯᒪᔪᖅ ᐊᐳᑲᓗᐸᓂ;

iii ᒪᐸᒪᑐᖃᐃᕐᓗ ᓄᓇᑦᓯᐊᓗ ᒪᐸᒪᒃ ᑯᑦ ᑐᓂᐅᖃᐃᒥᓇᑦᓱᒥ ᓴᕐᕿᓂᐅᔪᓐ ᐃᓄᑦ ᓂᒃ ᓄᓇᕐᑎᑦᓯᓱᒥ
ᐃᓚᐅᓂᖃᕐᓂᕐᑐᓂᑦ ᓱᒥᓗ ᐱᑦᔪᑎᖃᑎᑕᐅᓕᐊᓂ ᓄᓇᑦᓂ-ᐃᓄᐃᑦ;

iv ᒪᐸᒪᑐᐃᕐᓗ ᓄᓇᑦᓯᐊᓗ ᒪᐸᒪᒃ ᑯᑦ ᑐᓂᐅᖃᐃᒥᓇᑦᓱᒥ ᓴᕐᕿᓂᐅᔪᓐ ᓄᓇᑦᖃᕐᑎᓂᑦ ᓱᒥᓗ
ᐃᓄᐃᑦ ᑲᒪᒋᔭᖃᑦᓯᑦ ᓱᒥᓗ ᐃᓐᓇᐃᔭᑦ ᐱᑦᑲᐊᕐᔪᓐᓂ ᐱᑦᔪᑎᖃᕐᓂᖅᑐᓂ ᓄᓇᑦᓂ;

v ᓴᕐᕿᓂᖃᕐᓂᐅᑎᑕᐅᓕᑦ ᓱᒥ ᓄᓇᑦᓯᐊ ᒪᐸᒪᒃ ᑯᑦ ᓄᓇᑦᓂᑦ ᔫ ᐊᑐᕐᑐᖃᒥ ᓱᓂᓗ
ᕿᑭᖅᑕᓂ ᐊᒪᓗ ᐅᕐᖁᒥᐅᓂ;

vi ᓴᕐᕿᓂᖃᕐᓂᐅᑎᑕᐅᓕᑦ ᓱᒥ ᓄᓇᑦᓯᐊ ᒪᐸᒪᒃ ᑯᑦ ᓄᓇᑦᑎᑦᓯᓂᑦ ᔫ ᐊᑐᕐᑎᖃᑦ ᓱᒥ ᐃᓄᑦ ᓄᑦ
ᑕᐃᓚᓂᑐᖅ James Bay-ᒥ ᐊᑐᕐᑕᐅᓯᒪᔪᖅ ᐊᐳᑲᓗᐸᓂ;

vii ᓴᕐᕿᓂᖃᕐᓂᐅᑎᑕᐅᓕᑦ ᓱᒥ ᓄᓇᑦᓯᐊ ᒪᐸᒪᒃ ᑯᑦ ᐃᓄᐃᑦᓗ ᓄᓇᑦᓂᑦ ᔫ ᐊᑐᕐᑕᐅᓱᒥ
ᐃᓚᐅᑎᑕᐅᓂᐅᑎᑕᐅᓕᑦ ᓱᒥᓗ ᐱᑦᔪᑎᖃᑎᑕᐅᓕᐊᓂ ᓄᓇᑦᑐᓂ;

viii ᓴᕐᕿᓂᖃᕐᓂᐅᑎᑕᐅᓱᒥ ᓄᓇᑦᓯᐊ ᒪᐸᒪᒃ ᑯᑦ ᓄᓇᑦᑎᑦᓯᓂᑦ ᔫᓗ ᐃᓄᑦ ᓂᒃ ᐊᑐᕐᑕᐅᓂ
ᐃᓄᐃᑦᓗ ᑲᒪᒋᔭᖃᑦᓯᑦ ᓱᒥ ᐱᑦᔪᑎᖃᑎᑕᐅᓕᐊᓂ ᓄᓇᑦᑐᓂ;

ix ᒪᐸᒪᑐᖃᐃᑦ ᑯᑦ ᐊᑕᐅᓯᖅ ᔫ ᐊᓪᓚᒃᓴᖅᐱᑦ ᔫ ᓂᒃ ᑎᑎᕋᓱᒥ ᐃᓄᐃᑦᓗ ᓄᓇᑦᓯᐊᕐᓯᐊᕆᔭᑦ ᐊᑐᕐᑕᐅᔪᒥ ᓱᒥ
ᕿᑭᖅᑕᓂᓗ ᐅᕐᖁᒥᐅᓂᓗ;

x ᒪᐸᒪᑐᖃᐃᑦ ᑯᑦ ᐊᑕᐅᓯᖅ ᔫ ᐊᓪᓚᒃᓴᖅᐱᑦ ᔫ ᓂᒃ ᑎᑎᕋᓱᒥ ᐃᓄᐃᑦᓗ ᓄᓇᑦᓂᑦ ᔫ ᐊᑐᕐᑕᐅᓱᒥ
ᑕᐃᓚᓂᑐᖅ James Bay-ᒥ ᐊᑐᕐᑕᐅᓯᒪᔪᖅ ᐊᐳᑲᓗᐸᓂ;

xi ᒪᐸᒪᑐᖃᐃᑦ ᑯᑦ ᐊᑕᐅᓯᖅ ᔫ ᐊᓪᓚᒃᓴᖅᐱᑦ ᔫ ᓂᒃ ᑎᑎᕋᓱᒥ ᐃᓄᐃᑦᓗ ᓄᓇᑦ ᓱᒥ ᐃᓚᐅᓂᖃᕐᓂᐅᑎᑕᐅᓕᑦ ᓱᒥᓗ ᐱᑦᔪᑎᖃᑦᑕᕐᓂᖅᓯᐅᓕᐊᓂ;

xii ᒪᐸᒪᑐᖃᐃᑦ ᑯᑦ ᓴᕐᕿᓂᑦ ᓂᒃ ᓂᒃ ᑎᑎᕋᓱᒥ ᐃᓄᐃᑦᓗ ᓄᓇᑦᓯᐊᕐᓯᐊᕆᔭᑦ ᐊᑐᕐᑕᐅᔪᒥ ᑲᒪᒋᔭᖃᑦᓯᑦ ᓱᒥᓗ ᐱᑦᔪᑎᖃᑦᑕᕐᓂᖅᓯᐅᓕᐊᓂ.

ᑖᒃᑯᐊ ᐃᓛᒃᑯᑦ ᐊᓯᐊᒍᑦ ᐱᒋᐊᕐᑕᐅᔪᓐᓇᖅᓯᓐᒧᑦ ᖃᐅᔨᓴᖅᑕᐅᓯᒪᔪᑦ ᖃᓄᖅ ᐊᑲᐅᓯᓕᐅᕐᑕᐅᔪᓐᓇᖅᒧᑦ ᐊᑐᖅᑕᐅᕙᓕᖅᓗᒋᑦ ᑕᒪᒃᑯᐊ ᒫᓐᓇᐅᔪᖅ ᐃᓱᒪᒋᔭᐅᓂᖏᑦ ᐱᕙᓪᓕᐊᑎᑕᐅᔪᑦ ᐱᒃ ᐊᑎᒋᖅᓗᒋᑦ ᐊᒻᒪᓗ ᖃᐅᔨᒪᔭᐅᑐᒪᒃᓗᒋᑦ ᑕᒪᒃᑯᐊ ᐊᓯᖏᑦ ᓯᕗᓂᒃᑭᐅᔭᖅᒧᑦ ᓯᕗᓂᒃᑭᐅᔭᖅᑐᓗ ᑕᒪᓐᓇ ᐱᓕᕆᐊᕆᔭᐅᓂᖓᓂᒃ. ᐅᖃᓕᒫᖅᑕᖅᑎᑦ ᐅᖃᖅᑐᖅ ᓇᓕᐊᖅᐃᓐᓇ ᐊᓯᐊᒍᑦ ᐱᒋᐊᕐᑕᐅᓚᖅᒧᑦ ᐱᐅᓂᖅᐅᔾᒪᕐᒥᑦ ᐱᐅᓂᖅᐅᔾᒪᕐᒥᑦᓗ ᓇᓕᐊᖅᐃᓐᓇ. ᑭᓯᐊᓂ, ᖃᐅᔨᓴᖅᑎᑦ ᓯᕗᓂᐅᓂᐊᖅ ᓯᕗᓂᐅᓂᐊᖅᓗ ᐅᖃᐅᓯᖅᓯᒪᔪᑦ ᓇᓕᓂᖅ ᑕᒪᒃᑯᐊ ᐅᖃᓕᒫᖅᑐᐃᑦ ᐃᓯᒪᓕᐅᕐᓇᖅᓗᒋᑦ ᓇᓕᐊᖅ ᐊᑲᐅᓯᒋᔭᐅᒪᓂᕐᒥ.

ᖃᐅᔨᓴᖅᑎᑦ ᖃᐅᔨᓐ ᐊᑕᐅᓯᖅ ᑕᒪᒃᑯᐊ ᒪᓕᒃᑯᑦ, ᐊᒻᒪᓗ ᐱᓕᕆᐊᖅᓯᔪᑦ ᐱᓕᕆᖅᐱᑦ ᐊᒻᒪᓗ ᓄᓇᓯᐊᒥᑕᐅᔪᑦ ᐊᑐᖅᑕᐅᒪᓚᑦ ᐃᓕᓐᓂᐊᖅᑐᑦ ᐊᓯᐊᓂ ᒫᓐᓇᐅᔪᖅ. ᑕᒪᓐᓇ ᐃᓕᑦᓇᕐᑕᐅᒪᑎᑉᐳᖅ ᑕᐃᒪᓐᓇᐅᓚᐅᖅᑐᑦ ᓱᕈᓯᖅᓱᒧ ᐸᖕᓇᐅᒍᑕᐅᒃᓴᖅ ᒪᓕᒋᐊᓕᒃ ᒥᒃᓵᓐ ᖃᑎᒥᐅᓂ ᐊᒻᒪᓗ ᐅᖅᑯᒥᐅᓂ. ᑖᒃᑯᐊ ᐊᔾᔨᒋᓂᖏᑦ ᒪᓕᒐᓕᐊᕆᔪᒃᓗ ᓄᓇᖅᓗ ᒪᓕᒐᖏᑦ ᐱᑦ ᐊᑎᒋᖅᓗᒋᑦ ᐃᓕᖅᑯᓯᖅᑕᐅᓂᐊᓕᑕ, ᑕᒪᒃ ᑯᓂᒡ ᐱᓕᕆᔭᕆᐊᖃᖅᑐᖅ ᐃᖅᑲᓇᐃᔭᖅᑐᑦ ᐱᓕᕆᐊᖅᑐᑦ ᐱᒪᑦᑎᐅᓂᐊᖅᒪᑦ ᓱᕈᓯᖅᑎᓄᑦ.

ᑖᓐᓇ ᐅᖅᑯᒥᐅᓂ ᖃᐅᔨᓴᖅᑕᐅᓯᒪᔪᖅ ᑮᓇᐅᔭᖅᑎᒍᑦ ᐃᑲᔪᖅᑕᐅᓚᐅᖅᐳᖅ ᑖᒃᑯᓇᖓᑦ Donner Canadian Foundation-ᑯᓐᓄᑦ. ᐱᔪᓐᓇᖅᑕᐅᓚᐅᖅᑐᖅ ᓄᓇᓯᐅᑉ ᓄᓇᖅ ᐃᑲᔪᓯᐊᓚᐅᕐᒪᑕ, ᓄᓇᓯᐅᓗ ᒪᓕᒃᑯᑦ, ᒪᓕᒐᒃᓴᓕᐅᖅᑎᑦ, ᐃᓄᐃᑦ ᑕᐱᕐᓯᔾ ᑯᖅᑕ ᐊᒻᒪᓗ ᑲᑉᐱᐊᓴᖅᑐᑦ ᐱᓕᕆᔪᑦ ᑕᒫᓂ ᓄᓇᓯᐅᑉ. ᖁᔭᓐᓇᒦᒃ.

ᑖᒃᑯᐊ ᖃᐅᔨᓴᖅᑕᐅᓚᐅᖅᑐᒥᒃ ᐅᖃᓕᒫᒐᖅ ᖃᓄᐃᓐᓂᑦ ᐃᒪᓐᓇ ᐊᑎᖅᑐᑦ **A Climate for Change** ᖃᓄᐃᓐᓂᑐᐃᓐᓇᖅ ᐅᖃᓕᒫᖅᑕᐅᔪᓐᓇᖅᑐᖅ ᐃᓄᒃᑎᑐᑦᓯᒪᔪᓐᓇᖅ.

1. INTRODUCTION

The Eastern Arctic Study: Purpose and Approach

The Eastern Arctic Study was undertaken by the Institute of Local Government and the Centre for Resource Studies of Queen's University at Kingston between 1980 and 1983. Its primary objective was to identify alternative approaches to political development and land claims settlement in the land claim area of Inuit Tapirisat of Canada (ITC) and to assess these alternatives in terms of their implications for local government and for those interests involved in industrial development. The territory under study consists of the central and eastern portions of the Northwest Territories (NWT) as shown on the map on page 2.

The research was undertaken with the financial support of the Donner Canadian Foundation and with the advisory support and assistance of Inuit Tapirisat of Canada, the Government of Canada, the Government of the Northwest Territories, many companies involved in mineral exploration in Canada's north, and the councils and administrative officials of many communities in the ITC claim area. At its inception, the Eastern Arctic Study had four specific objectives:

i to study the potential impact of settlement of the ITC land claim on local governments in the central and eastern Arctic;
ii to study alternative approaches to industrial development which might be taken in the ITC area in the post-settlement period;
iii to study the implications of altered approaches to local government and industrial development under alternative settlements in the ITC claim area;
iv to present the results of this research in a manner which will permit its use by northerners and other interested parties to anticipate potential difficulties and to mitigate their effects.

To meet these objectives, the Eastern Arctic Study followed two major but interrelated directions.

First, it attempted to follow the general evolution of political development, land claims negotiations, and industrial development activity in the Northwest Territories, most particularly in the central and eastern Arctic.

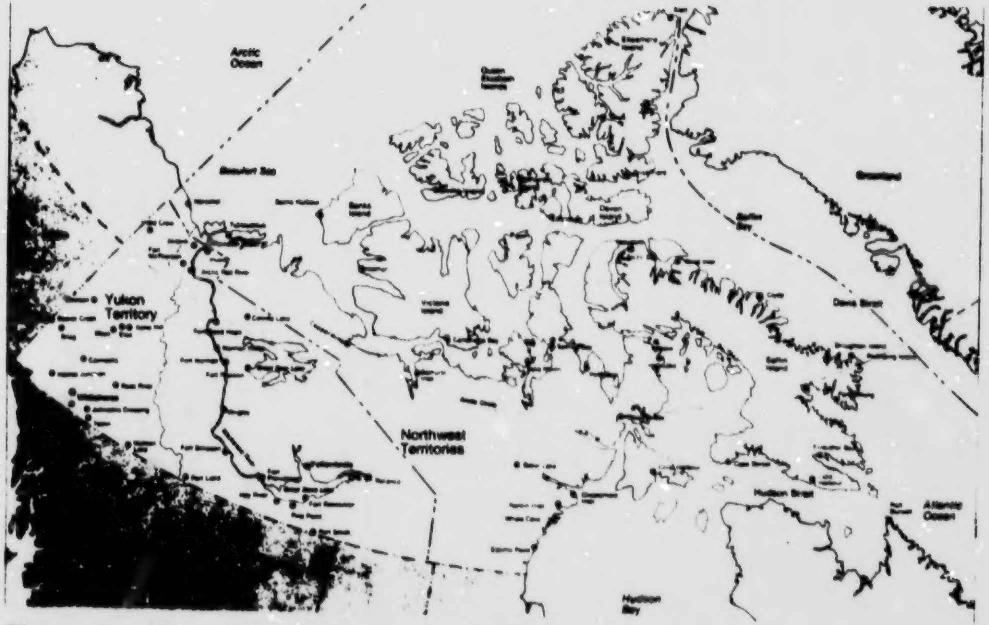
Arctic Ocean
Beaufort Sea
Yukon Territory
Northwest Territories
Greenland
Baffin Bay
Davis Strait
Hudson Strait
Atlantic Ocean
Hudson Bay

Figure 1. Map of the Northwest Territories

The line running from the Alaskan border to just south of Coppermine, then south east to the Saskatchewan border represents an approximation of some versions of the ITC claim boundary, and is given for illustration only.

Second, a series of case studies was undertaken to examine specific instances of past industry/community/other-government interaction concerning industrial development. These case studies were of three types:

i specific examples of interaction occurring within ITC's claim area;

ii interaction between companies, communities, and other levels of government within the Northwest Territories but outside the ITC claim area;

iii the industrial development regime established in jurisdictions which have already settled native claims.

The third group of case studies focused on the James Bay settlement in Quebec (both the Inuit and Cree settlements) and the settlement between the native peoples of Alaska and the governments of the United States and Alaska. These two cases were treated as supplementary ones, designed to provide an understanding of the apparent strengths and weaknesses of past approaches to dealing with industrial development in the context of land claims.

The selection of cases within the NWT was based on a number of criteria. It was decided to deal with past and current examples of interaction concerning specific developments, rather than with communities where industrial development activity is anticipated in the near future. It was thought worthwhile to examine any differences in interaction over oil and gas development as opposed to hard mineral development. Likewise, differences in company/community/other government interaction related to exploration for minerals as opposed to development of a specific site were probed. The cases selected were: the development of the Nanisivik mine, the development of the Polaris mine, mineral exploration in the Baker Lake area, and exploration for oil and gas in the Beaufort Sea.

These case studies provided considerable information concerning the strengths and weaknesses of particular aspects of the development process. As part of these studies, field research was done in communities affected by development. This provided a first-hand view of the experiences of individual communities with the development process, and information concerning community aspirations for the future.

As the study progressed, the results of the case studies and other analyses were circulated to interested individuals in northern and southern Canada and discussed with them. A major forum for the discussion of the progress of the Eastern Arctic Study was the Eastern Arctic

Study Advisory Committee. This committee consisted of representatives of ITC, the Government of Canada, the Government of the Northwest Territories, companies involved in nonrenewable resource development in the study area, and other interested and knowledgeable individuals.

As the work of the Eastern Arctic Study proceeded, two trends emerged as particularly important for the study's final analysis.

First, northerners are becoming increasingly sophisticated in their approach to politics and government. Accordingly, as will be seen in subsequent chapters, government at all levels in the NWT has become more complex. Furthermore, the extent and nature of interaction between government and native organizations has increased. This is particularly true with respect to the Government of the Northwest Territories, and local and regional government in the territory. Recognition of this increased entanglement of governments and native organizations has prompted our analysis to focus more on the role of all levels of government in the industrial development process than was originally anticipated.

The second determinant of our approach to suggesting future trends was the consensus among our advisors that the greatest potential contribution of the Eastern Arctic Study lay in its opportunity to identify broad approaches to claim settlement and political development rather than to deal with specifics. Accordingly, the alternatives identified for the future have been kept intentionally broad and have been described in terms of illustrative examples only. Nonetheless, it is hoped that they will be sufficiently meaningful to indicate the implications of particular approaches to political development and land claim settlement for local government and for the industrial development process.

Scope of The Final Report

This document presents the findings of the Eastern Arctic Study. It sets the scene by describing trends in political development, land claims, and industrial development in the Northwest Territories, first examining each in isolation. Chapters 2 to 4 set out the background and present context, 5 to 7 set out possible future directions.

In chapter 8 an assessment of the interplay of these three factors is set out, along with the possible alternatives for political development and land claims settlement that have been selected for more detailed consideration. Chapters 9 to 11 present a description of selected combinations of alternatives judged to be of major importance, and the implications of each, for communities, companies, and the federal and territorial governments.

The alternatives are not rated or ranked in terms of their desirability. This was never the intent of the Eastern Arctic Study. Instead, the focus has been an assessment of the implications of each alternative for the various interested parties, without identifying any single one as more desirable than the others. The final chapter sets out some concluding remarks.

Definition of Terms and Points of Clarification

It is essential that there be a common understanding about the meaning and import of certain words and issues that will be referred to throughout the text. Some clarification is necessary before proceeding.

Political Development and Land Claims

Political development may be defined as the evolution of public structures at the local (including regional), territorial and federal levels of government, for dealing with northern issues. The issues themselves are also an important part of political development. In the context of the Eastern Arctic Study, these include: whether or not the NWT is divided; the move toward responsible government; the distribution of powers among the federal, territorial and local/regional levels of government; government policies concerning native claims in the territories; and the evolution of policies concerning industrial development.

The people of the Northwest Territories have a particular interest in the resolution of aboriginal rights issues to be discussed subsequent to the patriation of Canada's constitution. While such issues are an important part of the overall political development of the NWT, they are outside the terms of reference of the Eastern Arctic Study and thus are not dealt with here.

Similarly, the pressure for provincial status emanating from within the Northwest and Yukon Territories, although important now and in the long term, must be considered as a separate issue. Of particular importance to the Eastern Arctic Study are the move toward responsible government and the distribution of responsibilities among governments.

The focus of the Eastern Arctic Study is specifically on the land claim of Inuit Tapirisat of Canada, which is being negotiated under the federal government's Comprehensive Claims Policy of 1973 (which was reaffirmed in late 1981[1]). Although a study of the implications of all land claims in the NWT and Yukon Territory for local government and industrial development might have yielded interesting information, the results would likely have been too general to be of assistance in anticipating events and considering alternatives. Therefore, it was decided to study one claim area in considerable depth, to allow for the assembly and analysis of information in sufficient detail to be useful to interested parties.

The federal government has consistently refused to discuss political or constitutional development in the Northwest Territories in the context of land claim negotiations. It may be observed, however, that political development and political change in the north have been proceeding while negotiations continue. This paper will take into account structures and arrangements that may emerge from these two sources of change: claim settlement and political development.

It seems probable that claims negotiations and settlement will lead to the creation of specific non-political structures of an advisory or administrative nature. At the same time, other government decisions, primarily at the federal level, will result in changes in the distribution of responsibilities among governments and modification of existing political strucutres. While these two processes may continue independently, at least in a formal sense, they will ultimately interact and affect one another. This is particularly true since the federal government's announcement, in late 1982, that it considers settlement of land claims a precondition to political division of the NWT.[2] Thus, one cannot be considered totally divorced from the other.

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1. Canada, Department of Indian Affairs and Northern Development, In All Fairness: A Native Claims Policy (Ottawa, 1981), 30 pp.
2. Press release by the Honourable John Munro, Minister of Indian Affairs and Northern Development, Ottawa, 26 November 1982.

Industrial Development

In the broadest sense, development refers to the process by which people, as individuals and communities, change their lives in ways which better meet their needs in all fundamental areas of human concern (such as nutrition and health, shelter and culture). Economic development refers to an increase in material resources, which improves the likelihood of attaining development in the broadest sense. Industrial development, particularly that related to nonrenewable resource development is one, but not the only, route to economic development in the north.

For the purposes of the Eastern Arctic Study, industrial development is defined as those organized activities connected with the use of nonrenewable resources. Included in this definition are the exploration for, and the production, processing, and transportation of hard minerals and of oil and gas. Other industries, such as the harvesting of wildlife and renewable resources, tourism, wholesale and retail trade, government service, handicrafts, and other light manufacturing are excluded. In choosing this definition, it was not intended to minimize the importance of the excluded industries, but rather to highlight those which typically require a large scale of operation and are most closely integrated with the national economy. Mining and petroleum are industries in which there is already a significant history of activity in the north and in which there is considerable potential for the future. Moreover, these industries represent a form of organization and work which represents a distinct change from the previously existing non-wage economy.

The past contribution of mining and petroleum to the northern economy is well recognized. In recent years, the mineral industry, broadly defined, provided 40 percent of all wage employment in the Yukon and Northwest Territories. It is likely that the relative importance of the mineral industries will continue to be very great in the north, and thus will both affect and be affected by the results of the land claim negotiations.

Beneficiaries of the ITC Claim

This expression refers to those individuals or collectivities identified in an ITC claim settlement as recipients of benefits arising from the settlement. Among other things, benefits may be in the form of land ownership, financial compensation, and representation on political and/or nonpolitical structures. Beneficiaries are also referred to as claimants, indicating a presettlement status.

Communities

Communities are considered to be those collectivities represented by an elected local government council. It is these councils that are often the focus for consultation by other levels of government and by proponents of nonrenewable resource development. These councils exercise, to a greater or lesser degree, formal governmental powers, and will presumably continue to do so, although other structures such as regional councils may also assume importance.

Interested Parties

For the purpose of the Eastern Arctic Study, 'interested parties' have been defined as the following:

- the federal government and its agencies;
- a territorial government and its agencies;
- local governments, regional governments, and structures established by local governments;
- beneficiaries of an ITC land claim settlement;
- companies involved in nonrenewable resource development.

As is evident, all of these parties are both interested and involved in the industrial development process.

It should be noted that a rather than the territorial government is included as an interested party. This distinction is deliberately drawn. It is assumed that, regardless of whether division does or does not occur, a territorial government will exist as an intermediate level of government between the local/regional level and the federal level. The implications of the creation of a new territory division are, however, discussed in the consideration of each alternative.

Also acknowledged as interested parties, but not considered specifically, are residents of the ITC claim area who will not be beneficiaries under a claim settlement. Such individuals will, of course, be affected by any public structures and by governmental arrangements that emerge either as a result of a claim settlement or otherwise. Similarly, special interest groups who participate in planning and regulatory activities pertaining to northern development and sometimes comment on the process of northern development in general are not a major focus of attention here. This is not meant to minimize the importance of their contribution.

Consultation

Consultation is a much-used word in the north and is subject to various interpretations. Consultation has been interpreted to include a range of activities extending from participation in decision making, to non-binding discussions on substantive matters with reasonable hope of influencing outcomes, to mere information sharing. The fact that consultation has not generally been defined in a consistent manner in the context of discussions about northern development has been identified in several of the Eastern Arctic Study case studies as a major problem. For the purpose of this report, consultation has been defined as non-binding discussion. As will be seen, such consultation may take a variety of forms.

Inuit Influence and Control

In the context of northern decision making, the issue of who influences and who controls particular aspects of the process is crucial. Influence is considered here to be guaranteed Inuit participation in a minority position on deliberative bodies regarding the future of the north and industrial development. Control is taken to mean majority Inuit participation on such bodies.

Land Ownership vs Political Control of Land

It is possible, even likely, that a claim settlement will involve granting of outright land ownership, the assignment of specified lands in fee simple, to beneficiaries. It should be noted, however, that such land ownership will be limited in its implications, in that political control over land concerning such matters as land use planning and zoning authority will likely be vested in a public body. Accordingly, claim beneficiaries, like property owners in other Canadian jurisdictions, will likely be limited in their ability to develop their property and otherwise benefit from ownership by municipal by-laws and by overriding territorial and federal legislation.

A Central and Eastern Arctic Territory - Nunavut

The possibility and implications of division of the existing Northwest Territories are discussed at particular points throughout this document. Without being specific about the boundary should division occur, the new territory possible in the central and eastern Arctic is variously referred to as the Central and Eastern Arctic Territory or the Nunavut Territory. Use of the name Nunavut Territory appears to be common whether discussions of the division are occuring in a political forum or in the context of ITC's proposal for division. Accordingly, use of the name Nunavut Territory here is not intended to indicate preference for any particular proposal to establish a new territory. Instead, it is intended to reflect common usage.

2. THE CONTEXT

Background

The Eastern Arctic Study was premised on the view that three aspects of change in the study area were important: political development, land claims and industrial development. At the outset, a review was undertaken of each of these three forces for change. Results of those reviews are found in The Inuit Land Claim, Constitutional Development, and Local Government Reform in the Northwest Territories: An Overview, by Katherine A. Graham and Anne B. McAllister, and Industrial Development in the Eastern Arctic Study Area: A Preliminary Overview, by C. George Miller.[1]

The purpose of this chapter is to describe significant events and trends which have occurred in the intervening years since those initial reviews were prepared. Each of the three areas will be discussed in a separate section of this chapter. A discussion of the implications of these events and trends for the future of the study area is contained in chapters 5, 6 and 7. Those and subsequent chapters deal with possible alternatives for the future.

Political Development

Political development in the NWT is occurring at four levels: the federal level, the territorial level, the regional level and the local level.

The Federal Level

The report of the Prime Minister's Special Representative for Constitutional Development in the NWT, the Honourable C.M. Drury (known as the Drury Report), was examined in some detail at the outset of the Eastern Arctic Study (EAS).[2] The Drury Report was considered an important document in that it set the scene for subsequent activities of the federal government and the Government of the Northwest Territories (GNWT) in the area of political development.

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[1] The Inuit Land Claims, Constitutional Development, and Local Government Reform in the Northwest Territories: An Overview, Katherine A. Graham and Anne B. McAllister, Eastern Arctic Study, Queen's University at Kingston, May 1981; and Industrial Development in the Eastern Arctic Study Area: A Preliminary Overview, C. George Miller, Eastern Arctic Study, Queen's University at Kingston, May 1981.

One of Mr Drury's most controversial conclusions was that alternatives to division of the NWT should be thoroughly examined before assuming that new political boundaries would necessarily bring greater political autonomy, or strengthen representative, responsible government. In Mr Drury's view, not only had the long-term consequences of division not yet been adequately considered, but public understanding and acceptance of alternative proposals for the political structuring of the NWT had not been adequately tested.

Mr Drury also made extensive comments and conclusions about local government and regional structures. In keeping with his belief that government is most responsive when decisions are taken and responsibilities exercised by those most readily affected by its decisions, he recommended significant devolution of responsibility and authority to the local level of government. He also concluded that communities should be given the option of assigning some of their newly-acquired responsibilities to regional structures if they deemed it to be appropriate.

The initial EAS publication dealing with political development stated that Mr Drury's final report received little public attention at the time of its release. It also suggested that, within the federal government, informal responses to Drury's work were critical in nature, resulting in little impetus for preparation of a formal response to his findings and recommendations. To date, there has still been no official federal response to Mr Drury's report, other than a brief reference to the report in the recent announcement by the Minister of Indian Affairs and Northern Development, the Honourable John Munro, regarding division of the NWT.[3]

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[2] Constitutional Development in the Northwest Territories, Report of the Special Respresentative, January 1980.

[3] This announcement will be discussed in more detail later in this chapter.

In terms of the position of the federal government concerning the future of the NWT, events seem to have overtaken the Drury recommendations. The main impetus for the federal government to consider its position on this issue since Drury's time appears to have been the activities of the Ninth Assembly of the Northwest Territories, which held office from 1979 to 1983. Among the newly-elected members were a number of individuals with strong links to various native organizations, including ITC.

As will be discussed later in this chapter, the Ninth Assembly undertook notable actions in a number of areas; some of these reversed positions taken by the Eighth Assembly. Among the most prominent of the activities of the Ninth Assembly was its work on the issue of division of the NWT.

After passing a resolution in 1980 agreeing in principle to dividing the territories, the Ninth Assembly undertook a plebiscite on the issue. Despite the assembly's unanimity in agreeing in principle to division, differing views among various northern interests on this and other issues seem to have contributed to what many northerners thought was an undue delay in the federal government's articulation of its position on political and constitutional development in the north and on other matters. For example, at present there are four separate land claims throughout the Northwest Territories and the Yukon Territory, some of which are overlapping, and all of which have their own separate views regarding political structures.

In April 1982 a plebiscite was held in the NWT on the issue of division.[4] There was a great deal of hope that the plebiscite would establish a clearcut concensus on this issue.[5] However, only 53 percent of eligible voters cast ballots; of those, 56 percent supported division while 44 percent opposed it. There was a very high level of turnout and support (78 percent) for division in the Eastern Arctic, support to a lesser degree in the Dene communities (61 percent in favour) to the west, and overall opposition in those parts of the territories with a predominantly non-native population. Accordingly, no definite territory-wide consensus emerged.

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[4] The plebiscite will be discussed in greater detail later in this chapter.

[5] It should be noted that the results of the plebiscite are not binding on the federal government, whose approval is required for any future division of the NWT.

Immediately after the vote, Mr Munro said the issue would be placed before the Cabinet for discussion at an early date. Most observers, however, did not expect an official response in the foreseeable future. However, on 26 November 1982, Mr Munro announced that the federal government is prepared in principal to accept the division of the Northwest Territories. Acceptance is contingent, however, on the settlement of comprehensive land claims, and on a concensus among northerners on issues such as boundaries, future locations of any new administrative centres, and the distribution of powers with respect to local, regional and territorial levels of government.[6]

At the same time, Mr Munro announced federal plans to introduce a formula-based approach to providing financial assistance to the territories (both Yukon Territory and the NWT). It is hoped that this will result in improved fiscal planning and enable northern governments to assume full accountability for their budget decisions. To help the territorial governments deal with the related costs of resource development, the federal government has also committed itself to giving the territories a certain level of discretionary revenue.

Initial response to these announcements was very positive, although some parties have indicated that they do not agree with the condition that land claims must be settled before division can occur. Indeed, Mr Munro acknowledged that it was unlikely that more than two of the four outstanding claims in the north would be settled before the end of 1983. However, he believed that the announcement would put pressure on all parties to work toward a quick resolution of the claims.[7]

It is clear that a great deal must be accomplished before any formal steps can be taken to start the process of dividing the territories. For example, aside from the settlement of all land claims, political consensus within the NWT on the boundary dividing the territories may be difficult to achieve. However, the GNWT has already undertaken certain steps in this regard; these will be outlined later in this chapter.

Prior to the announcement regarding division of the NWT, the main initiatives of the federal government had concerned nonrenewable resource development (mainly oil and gas) rather than political development issues. Some of those initiatives are listed below.

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[6] DIAND Press Release, November 26, 1982.

[7] Globe and Mail, November 27, 1982, p. 1.

i Development of the National Energy Program, the subsequent passage of Bill C-48, (The Canada Oil and Gas Act), and the establishment of the Canada Oil and Gas Lands Administration (COGLA) to administer the provisions of Bill C-48 and the Oil and Gas Production and Conservation Act.

ii Establishment of the Lancaster Sound Regional Study in 1979 to undertake a broad study of the future of the Lancaster Sound region. The study was initiated following rejection by a Federal Environmental Assessment Review Panel of a proposal to undertake exploratory drilling for gas and oil in Lancaster Sound. The group which conducted the subsequent study consisted of representatives of five federal departments, the GNWT, and northern community representatives. A Green Paper, entitled, The Lancaster Sound Region, 1980-2000, was released in July, 1982 and outlines six options for the management of the Region, and the final report was released early in 1984.

iii Initiation of the Beaufort Sea Environmental Assessment Review in July of 1980, to review the possible effects of proposals to produce and transport oil and gas from the Beaufort Sea-Mackenzie Delta area, and to recommend ways and means of dealing with those effects. As of early 1984, this review was still underway.

iv Announcement in July 1981 of a new federal policy of comprehensive land use planning in the north, which includes establishment of a federal Land Use Planning Commission in the NWT. The regime will consist of a hierarchical planning system which will involve the territorial government, local authorities, native associations and industry representatives. The details for implementing this regime are still being worked out. As of May 1983, the federal government had reached agreement with the Government of the Northwest Territories and native groups concerning the principles to be followed in the land use planning regime.[8]

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[8] News/North, May 13, 1983.

v Support for the Hudson Bay Oil and Gas Committee, established in 1982 to give people in the eastern Arctic some influence as to the type of exploration activities in their region. The committee was set up by representatives from the Keewatin and Baffin regions, Northern Quebec, and ITC. During a visit to Frobisher Bay in July 1982, Mr Munro pledged his support and possible funding to the committee. He also stated that the group must have advisory powers only, for legal reasons, but offered to make sure it has a strong, effective voice in any decisions. The Hudson Bay Oil and Gas Committee received funding from the federal government in 1983.

vi Discussions with the Beaufort Sea Community Advisory Committee (BSCAC) regarding possible funding by the federal government. The BSCAC was established in 1976 by Dome Petroleum to provide ongoing communication between the company and communities in the Beaufort area. The committee has been funded entirely by Dome. Each participating community has representation from its local council and Hunters and Trappers Association (HTA). In response to a statement by Mr Munro that he would fund the committee if it wants to break its ties with industry, the chairman of the BSCAC made a formal request to the Minister for the federal government to present a financial proposal for the BSCAC to consider.

These federal initiatives have a number of implications. First of all, they set up structures which imply potential for public participation. For example, both the Beaufort Sea Environmental Assessment Review and the Lancaster Sound Regional Study have had formal and extensive public participation programs. In the Lancaster Sound case, an extensive public review was held following the release of the draft green paper on the future of the region. This public review involved open meetings in the four Lancaster Sound communities, and public workshops in Resolute and Ottawa. Another series of public meetings was held following the release of the final green paper. The Beaufort Sea Review is the first northern Environmental Assessment Review exercise to allow for public input to discuss what the proponents of development should include in their environmental impact statements.

Second, these initiatives compete with other levels of government (especially the territorial level) for public attention. In exercises such as the Lancaster Sound Regional Study and the Beaufort Sea Environmental Assessment Review, the primary focus of attention is the federal government. The only role accorded other levels of government is one similar to that of an interest group which may make a submission regarding its particular viewpoint to the panel.

Third, they create expectations about public influence, which may lead to a sense of useful public participation, or may lead to a sense of disappointment and confusion if public comment is thought to have been ignored in the final decision, or if the promise of an opportunity to participate is thought to have been forgotten.

Fourth, some of these initiatives place great demands on government, industry and northerners, particularly financial demands. An exercise such as the Beaufort Sea Environmental Assessment Review is undertaken at great expense to all parties involved. Pressure is put on governments to provide funds to enable intervenors to participate. Industry must commit millions of dollars and extensive effort to the development of environmental impact statements and other studies and documents. Communities must divert their attention away from other locally important matters in order to participate.

Fifth, these initiatives may divert public attention away from political development issues and from the evolution of elected bodies. With so many initiatives occurring in other areas, particularly in the area of resource development, public attention is diverted from critical issues being faced by the Legislative Assembly with respect to political and constitutional development.

The increased attention that the federal government has been giving to resource development issues in recent times has meant that, although the Department of Indian Affairs and Northern Development continues to play an important role in the north, other federal departments and agencies (e.g. Energy, Mines and Resources, Department of the Environment, Federal Environmental Assessment Review Office, etc.) are becoming increasingly involved in northern resource development and other issues. These other agencies, although interested in resource development issues, are not concerned with political development issues in and of themselves.

The Government of the Northwest Territories

The Ninth Legislative Assembly of the Northwest Territories, elected in October 1979, attempted to deal with some very important issues. At the outset of the Eastern Arctic Study, the assembly's initiatives in 1979 and 1980 such as the debate concerning unity and division in the NWT, the establishment of a Baffin Regional Council Ordinance, the devolution of responsibilities from the territorial to the local and regional levels of government, and other attempted reform of community government, were examined in some detail.[9] The focus here will be on the actions of the Ninth Assembly since 1980.

The issue of responsible government has remained important. In October 1981, a paper prepared by the GNWT Minister of Aboriginal Rights and Constitutional Development, entitled Our Land, Our Future,[10] was tabled in the Territorial Assembly. This paper sets out the GNWT Executive Committee's position regarding the move to responsible government. According to this report, the Minister of Indian Affairs and Northern Development has indicated that responsible government can be a reality in the territories by 1985.[11] In the view of the GNWT Executive Committee, however, responsible government could very quickly be a reality by amendment to the NWT Act. However, the Executive Committee also suggests that the necessary amendments should proceed only after the issue of division is settled, so that any new territory or territories would have direct input into the drafting of new federal legislation creating them.

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9. See K.A. Graham, and A.B. McAllister, The Inuit Land Claims, Constitutional Development, and Local Government Reform in the Northwest Territories: An Overview.
10. Our Land, Our Future, Discussion Paper on Political and Constitutional Development in the Northwest Territories, Oct. 19, 1981, Tabled Document 5-81 (3) in Sixth Session of Legislative Assembly of the NWT (contained in Appendix B of Sixth Session, Ninth Assembly).
11. Our Land, Our Future, pp. 10-11. It should be noted that, as of May 1983, the Minister of Indian Affairs and Northern Development had indicated that the introduction of formula financing for the GNWT and the elimination of the office of appointed Deputy Commissioner for the Territories would be the last steps toward responsible government for the foreseeable future. News/North, 13 May 1983.

In addition to outlining the various changes which are required, the report puts forward certain suggestions to be regarded as the basis of a process to change the current status of territorial governments. These suggestions include:

i fully involving native claimant groups in all processes of change;

ii ensuring that the extent of the involvement of all concerned parties is discussed between the GNWT Executive Committee and the various native claimant groups;

iii beginning negotiations with the federal government, upon the settlement of the issue of division, to develop new or to amend existing federal legislation to ensure that the concept of responsible government is entrenched and that the style and form of government and its institutions reflect the culture and traditions of the people of the north;

iv developing a detailed plan to recommend which areas (land, resources and services) can be transferred to the existing GNWT and which areas should await the settlement of aboriginal claims and the issue of dividing the NWT (this plan to be coordinated by the Executive Committee in conjunction with native claimant groups);

v continuing the work currently being undertaken by the GNWT's Financial Management Secretariat in developing and negotiating new fiscal arrangements with the federal government.

The report also suggests that negotiations for the transfer of greater authority and responsibility based on the plan outlined above be on a 'government-to-government' basis. To achieve such independent status during these negotiations, the Executive Committee suggests that the territorial government negotiate with the Privy Council Office and the Federal Minister of Justice, rather than the Department of Indian Affairs and Northern Development.

The paper also reiterates the Legislative Assembly's commitment to the devolution[12] of government programs and services to regional and community government bodies, and its support for 'initiatives from communities of a geopolitical region that have common goals and objectives to develop some form of regional government'.[13] To that end, work was under way by early 1983 to establish a Regional and Tribal Councils Ordinance for the NWT.

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[12] The devolution policy and other initiatives of the GNWT regarding local and regional government were outlined in The Inuit Land Claim, Constitutional Development... by K.A. Graham and A.B. McAllister.

The period of time since the beginning of the Eastern Arctic Study in 1981 has coincided with the period during which local governments in the NWT could avail themselves of the GNWT's Devolution Policy. Although devolution of the total program of social services for the Town of Frobisher Bay was accomplished by 1 April 1981, little else has been undertaken. This may be a result of two basic factors: first, confusion between the terms 'devolution' (meaning the transfer of authority and responsibility from one level of localized administration to another) and 'decentralization' (which does not involve the transfer of authority and responsibility), and second, the unwillingness of individual departments to surrender such authority.

In fact, on 12 February 1981, the Minister of Local Government stated to the Legislative Assembly that the problem of the present time is, '...that the other various departments have to cooperate in terms of identifying the different areas of program services which each department should be in a position to recommend for devolution...,'.[14]

In the area of regional government, the mayors of the seven Keewatin hamlets met in Baker Lake in April 1982, and decided to proceed toward the formation of a regional council. They met again during the first week of May and agreed on a constitution. The council has since been formed and named the Keewatin Regional Council. A Central Arctic Area Council has also been established since 1980. Both await passage of a Regional and Tribal Councils Ordinance to receive statutory authority.[15]

In 1980, the GNWT was developing a Community Government Ordinance, intended to make the local government system in the Northwest Territories more flexible and to provide an opportunity for native band councils and local government councils to unite. This proposed ordinance has not progressed any further since the beginning of the Eastern Arctic Study. In February 1982, the Minister of Local Government announced that the ordinance still required

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13. Our Land, Our Future, p. 5.
14. Legislative Assembly of the NWT, Hansard, Seventh Session, Ninth Assembly, 12 February 1982, p. 354.
15. News/North, 11 March 1983.

some further refinements and changes, particularly because it did not accommodate all of the concerns of the band councils in the Mackenzie Valley communities. The introduction of major changes at the community level was also termed a concern at a time when 'Native groups and the Legislative Assembly are addressing a major restructuring of the NWT and the present Government of the Northwest Territories'. To do so (i.e. introduce the ordinance) would tend to unnecessarily complicate the more fundamental issues of political and constitutional development being discussed at this very critical time'.[16]

The Ninth Legislative Assembly expended a great deal of time and effort in attempting to deal with those 'fundamental issues of political and constitutional change' referred to by the Minister. A major issue in this context has been that of division. Following the Territorial Assembly's 1980 vote in favour of dividing the NWT, a Special Committee of the Assembly on the Impact of Division was established. It presented its report to the Legislative Assembly in October 1981. For the purposes of the committee's study and that of the consultants it retained, division of the territories was considered to be a separate issue from land claims negotiations, resource ownership, or devolution of power. It was believed that, although these factors will undoubtedly affect the development of the Northwest Territories whether or not division occurs, their impacts could be foreseen.

The report of the consultants states that the operation of two governments created by a division of the NWT would cost somewhat more than maintaining the existing government structure, but that it could provide a government which is closer to the people. In other words, division of the NWT could cause significant changes in government structures and policies which would 'help decrease the alienation felt by many toward the GNWT, attune policies more closely with the desires of the people in specific areas and encourage greater participation in government by native northerners'.[17] Cost estimates for these conclusions were based on the assumption that division will result in two new

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16. Quotation from a letter from James Wah-Shee to Mr MacQuarrie, read aloud in the Legislative Assembly by Mr MacQuarrie on Friday, 12 February 1982.
17. The Impact of Division on the Northwest Territories, prepared by Hickling-Johnson Ltd., for the NWT Legislative Assembly Special Committee on the Impact of Division, October 1981, p. 16.

territories with basically the same form of government (i.e. a legislative assembly, commissioner, civil service) and with the same powers as the existing territorial government.

The report also concludes that any eastern territory would be in a significantly greater operating deficit position than the existing government because of its low income and tax base coupled with higher operating and maintenance costs. On the same basis, the western territory's deficit would be smaller, but not small enough to offset the increase in the east. Thus, two territories would not achieve the economies of scale of a single entity.

In other areas, the report asserts that the attitude towards economic development of each newly-established government will in itself be a significant impact of division. The location of resource deposits is fixed by nature, and the divisional boundary will therefore determine in which of the two territories resource extraction takes place. One of the most striking examples of the kinds of issues that will arise is the contentious question of which territory will encompass the Beaufort Sea/Mackenzie Delta area and its vast hydrocarbon resources.

It is also noted, however, that although the territory where resource extraction takes place has an opportunity to share in resource revenues or royalties, enabling it to achieve a higher degree of self-sufficiency, the costs of putting into place the required infrastructure would be extremely high.

The most important impact of division on industry, according to the consultant's report, is the degree of uncertainty that may result from a division of the NWT. However, if development regulations are well-defined and expected to remain relatively stable, then industry will be able to make its decisions accordingly.

The report reaches no conclusions about whether division will hasten or delay the NWT's move toward responsible government. It notes that two opposing views exist on this point. One sees division as a means for achieving a greater consensus and the ability to gain responsible government earlier. The other view sees division as fragmenting northern interests and political clout, with the result that the two smaller territories would be more susceptible to direct control from Ottawa and would achieve responsible government more slowly than if united. Each of these views must be placed in the context of the May 1983 announcement of the Minister of Indian Affairs and Northern Development, which ruled out territorial responsibility for resources and taxation for the foreseeable future.[18]

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[18] News/North, 13 May 1983.

The consultant's recommendations were debated in the Territorial Assembly in November 1981, as part of the report of the assembly's committee to examine the impact of division. Two of those recommendations were accepted by the assembly: 1) that the CBC and other media be encouraged to assemble information packages concerning the content of the consultant's report; and 2) that the CBC be encouraged to develop a one-hour program regarding the impacts of division as reflected in the consultants' report.[19]

The assembly continued its interest in division between the release of the special committee's report and the April 1982 plebiscite on the subject. In January 1982, a conference was held in Yellowknife under the auspices of the NWT Legislative Assembly Committee on Constitutional Development. The purpose of this meeting, called the Western Arctic Constitutional Conference, was to discuss what form of government would be best suited to a new territory in the western Arctic.

In February, the momentum continued when a coalition of NWT interest groups was formed to develop and negotiate changes in the constitutional structure of the NWT. The coalition, calling itself the Constitutional Alliance, has membership from the Legislative Assembly, the Committee for Original People's Entitlement (COPE), Inuit Tapirisat of Canada, the Metis Association of the NWT, and the Dene Nation. Its objective is to develop and promote a unified NWT position on political and constitutional development. The Legislative Assembly gave its support to the coalition under two conditions: that it adopt a new name, such as the 'constitutional working group'; and that representation from the NWT Association of Municipalities be included. The motion adopted by the assembly gave support to three coalition objectives: first, to become a forum for public participation in constitutional reform; second, to develop common positions and negotiate reform with the federal government; and third, to initiate political and administrative reform under the NWT Act.[20]

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19. Legislative Assembly of the Northwest Territories, Hansard, Sixth Session, Ninth Assembly, Monday 30 November 1981, p. 256.
20. Legislative Assembly of the Northwest Territories, Hansard, Seventh Session, Ninth Assembly, 12 February 1982, p. 354.

The constitutional working group met again in late February 1982, and presented a report to the Legislative Assembly immediately afterwards.[21] The report stated that the groups involved had adopted a unified position in support of the NWT Legislative Assembly motion dated 5 November 1980, agreeing in principle to the division of the Northwest Territories. They further agreed to work together to have a large voter turnout for the April 14 plebiscite, in order to reflect the real aspirations of long-term residents for responsible government as advocated by the native organizations and the Legislative Assembly.

The two positions adopted by the alliance were that:

i the alliance would support the initiatives of its members for constitutional reform that involve negotiations with the federal government;

ii the alliance would support the process currently underway to establish a Western Arctic Regional Municipality within the Territories. This proposed municipality would include selected communities from the Mackenzie Delta and Beaufort Sea areas. Discussions about the possible structure and responsibilities of this new regional municipality were occurring among the Government of the Northwest Territories, the Committee for Original Peoples' Entitlement and area communities.

The alliance also expressed its commitment to the principle that constitutional and political change must originate from within the NWT as a result of an active public process, and agreed to begin work after the plebiscite to define constructive solutions in such matters as boundaries, restructuring of the government and administration, and the further devolution of powers from Ottawa.

As mentioned earlier, a plebiscite on division was held on 14 April 1982, and 53 percent of eligible voters cast ballots. Across the NWT, 56 percent of voters supported division, while 44 percent were opposed. In predominantly Inuit communities, there was a high voter turnout with a sizeable majority favouring division. In contrast, 61 percent of those voting in Dene communities voted in favour and only 25 percent in predominantly non-native communities.

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[21] The following information was obtained from debates of the Legislative Assembly, Seventh Session, 25 February 1982, p. 768.

The 'no' vote in some communities, however, has been interpreted not so much as a rejection of the concept of division, but as uncertainty over where the new boundary would be drawn. The Dene leadership, for example, would have preferred to settle the boundary dispute before the plebiscite was held. Similarly, the majority 'no' vote among non-native people in the Mackenzie Delta and along the coast of the Beaufort Sea in the western Arctic has been interpreted by some as a reflection of the uncertainty as to which of the new territories these residents would belong.

Following the plebiscite, in May 1982, members of the Legislative Assembly voted 19 to 0 to ask the federal government to divide the NWT in two, and to establish a federal commission to consult with the people of the NWT and to recommend the exact boundaries of the new territories. The assembly also established the 'Special Committee on Division of the Northwest Territories,' composed of all 22 MLAs, to have responsibility for representing the interests of all the people of the NWT in planning and preparing for division.

In July 1982 it was decided to set up a formal structure to promote discussions between representatives of the Territorial Assembly in the east and west and the various native organizations interested in political and constitutional development in each area. This resulted in the establishment of two fora: one for the east and one for the west. COPE was given the option of sitting on either forum or both, and decided to join both. The fora were to discuss boundaries and to eventually work out the structure of the two proposed territories.

The Western Constitutional Forum (WCF) includes representatives from the Legislative Assembly, the Dene Nation and the Metis Association of the Northwest Territories as well as COPE. The eastern Nunavut Constitutional Forum (NCF) is made up of representatives from the Legislative Assembly, Inuit Tapirisat of Canada and COPE. Initial meetings of both were held in August and September, 1982.

Although COPE did not participate in the Nunavut Constitutional Forum which met in August 1982 in Frobisher Bay, it decided to become a member of the NCF in September. COPE's initial reluctance to join stemmed from the fact that it was opposed to the decision to set up only two fora to push for political change in the north. Members of COPE wanted to see the establishment of a third forum to investigate the possibility of forming a third territory, covering the Mackenzie Delta and the Beaufort area. The proposal to set up three fora was apparently approved at a closed meeting of the Constitutional Alliance in February, but was subsequently rejected when the third forum became redundant, as a result of an agreement between the territorial government and COPE[22] to develop plans for setting up the Western Arctic Regional Municipality (WARM) proposed earlier by COPE.

The Western Constitutional Forum which met in early September 1982 called for the creation of a new western territory by the end of 1984. Although the timetable would be hectic, both fora agreed that they would like to complete the work of creating the two new territories during the life of the present Legislative Assembly, due to be dissolved at the end of 1983. The WCF timetable called for the formulation of a set of 'founding principles and concepts' of a draft constitution by the end of September 1982. These founding principles were then to be the subject of a three-month public information campaign. Any revisions called for by that campaign were to be made by 15 January 1983. The final form of the proposed constitution would be ratified by the public of the western Arctic (by plebiscite) before being submitted for consideration by Parliament at the end of 1984. At time of writing, however, the original WCF schedule had been altered due to the postponement of meetings in the fall of 1982.

In mid-September 1982, the Second Western Arctic Constitutional Conference was held in Yellowknife.[23] This conference was attended by more than 35 delegates representing various interests in the west. The major topic under discussion was the Dene Nation's Denendeh proposal to set up a new government in the western NWT.[24]

The Ninth Assembly had to deal with important political issues: i.e. the issue of division, the plebiscite, the constitutional alliance, the two fora established to examine political and constitutional change in the north, and the agreement with COPE regarding plans for setting up a Western Arctic Regional Municipality. It also dealt with issues other than political development which are of concern to the Eastern Arctic Study. For example, a major focus of the Fifth Session of the Ninth Assembly, held in Hay River in May 1981, was the issue of whether or not uranium mining and milling should be allowed to proceed in the Northwest Territories. Various experts and representatives of interest groups in the NWT addressed the assembly, giving their opinions and viewpoints on the issues involved in uranium mining. The uranium debate was then put on hold until the Eighth Session (May 1982), when a motion was passed that the Legislative Assembly should finally determine its position on the mining and production of uranium in the NWT at the following session.[25] Subsequently, however, the assembly chose not to pursue the issue.

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[22] The Memorandum of Agreement was signed by James Wah-Shee, Minister of Local Government, and by COPE President Peter Green. The agreement was originally proposed to the Legislative Assembly. The first step outlined in the agreement is to appoint four people to a working group to consult with communities affected by COPE's proposal for regional government. At present, community consultation is under way.

[23] It may be recalled that the first constitutional conference was held in January 1982.

[24] News/North, 17 September 1982, p. A1.

In an effort to improve its analytical capabilities, the GNWT has established various policy secretariats. One of these, the Energy and Resource Policy Secretariat, drafted a Resource Development Policy[26] which was adopted by the Executive Committee of the GNWT in May 1982. This Resource Development Policy establishes territorial regimes for planning, regulation and monitoring of all aspects of resource exploration and development.

For example, the policy states that the GNWT 'will approve a resource development project when its overall economic, social and environmental implications are judged to result in a net benefit to the people of the NWT'. Projects will be evaluated according to their opportunities for jobs, training and business development, energy benefits to the NWT, protection of the environment and of renewable resources, preservation of northern lifestyles and cultural heritage, and consultation programs with local communities and interest groups. Further, the government wants to ensure that the interests of native people are recognized; that social and economic disruption are identified and monitored and corrective measures assigned to industry and appropriate levels of government; that expansion plans are orderly and consistent with the wishes of the residents; and that an equitable share of resource revenue accrues to the NWT.

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25. Legislative Assembly of the NWT, Hansard, Fifth Session, Ninth Assembly, Wednesday, 27 May 1981, p. 420.
26. Tabled in the Legislative Assembly, 13 May 1982.

The power of the GNWT to enforce such a policy is not clear, since it lacks jurisdiction over nonrenewable resources. The Minister of Energy for the NWT asserts that this policy is intended only to complement federal initiatives, in order to ensure full benefits to northerners. Nonetheless, the policy appears to be contentious, from the standpoint of both federal officials and industry.[27]

Again in the area of nonrenewable resources, the GNWT is attempting to develop a project management capability to enable it to control certain aspects of planning and infrastructure development for such major projects as Norman Wells and the oil and gas developments in and around Tuktoyaktuk. It is also seeking, with varying degrees of success, increased representation on planning bodies, task forces, and so on.

Local/Regional Government

It can be argued that local government, as community advocate and provider of local services, has a more difficult role to play in the north than in southern Canada. Special circumstances, such as the distance between communities (and the absence of a road network in the central and eastern Arctic) and the harsh demands of the northern climate, make local government extremely important. If local services fail, northern residents are in a perilous situation.

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27. It will be interesting to see the federal government's response to this policy, especially in light of a recent comment by John Munro (News/North, 24 September 1982), that, given the national economic situation, there was no empathy in the Cabinet for any proposal that the NWT should share in the revenue from resource development. Subsequent to this, Neil Faulkner, Assistant Deputy Miniser of DIAND, stated that his Department would not agree to the resource revenue-sharing advocated in the GNWT policy paper. DIAND was working on a land use planning policy of its own for the NWT, he said, and did not want a duplication of effort. (Native Press, 19 November 1982). As of May 1983, the federal government had reached agreement in principle with the GNWT concorning participation in federal land use planning efforts, but the precise role of the Resource Development Policy in this context remains unclear.

In contrast to most southerners, they cannot jump in their cars and go to an adjacent community until the difficulty is past. The variety of community committees, Hunters and Trappers Associations, housing authorities, and regional bodies, attests to the importance of local government in the north. These various organizations not only provide services to community members; they also act as spokesmen for local views to other levels of government and to industry.

In recent years, perhaps partly in response to Drury's observation that many northern communities were fragmented and characterized by an over-abundance of committees, local government councils have increasingly emerged as the focal point for the expression of community interests. Another strong voice at the local level continues to be the Hunters and Trappers Association (HTA) found in each community.

As noted in an earlier section of this chapter, the Government of the Northwest Territories is committed to supporting initiatives from communities that wish to develop some form of regional government. While the current focus of attention is on the development of an omnibus Regional and Tribal Councils Ordinance, the first initiative in this regard was the establishment of the Baffin Regional Council (BRC) in 1977.[28] The South Mackenzie Area Council was formed shortly afterwards but has not been as active as the BRC.

As mentioned earlier, recent times have seen the formation of the Keewatin Regional Council, the Central Arctic Area Council, and an agreement between the Committee for Original Peoples' Entitlement and the GNWT to develop plans for setting up the Western Arctic Regional Municipality.

A move to regionalism is also occurring in the Mackenzie Delta. In early November 1982, a draft constitution for a regional council was circulated to the communities of Aklavik, Inuvik, Fort McPherson and Arctic Red River, providing for representation of local native interests as well as municipal councils.

Combined with this trend to regionalism within the formal system of local government has been the emergence of other types of regional organization, such as the

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[28] Circumstances leading up to that event were examined in an earlier Eastern Arctic Study publication, The Inuit Land Claim, Constitutional Development, and Local Government Reform in the Northwest Territories: An Overview, K.A. Graham and A.B. McAllister, 1981.

Keewatin Wildlife Federation, a federation of HTAs in the Keewatin region. Another, the Beaufort Sea Community Advisory Committee (BSCAC), was founded by Dome Petroleum in 1976 to provide communication between communities in the Beaufort region and Dome and its affiliated companies. It meets with local people to relay information about the exploration program, review Dome's activities in the area, and receive comment from the communities on their ideas and concerns about hydrocarbon development in the Beaufort. The BSCAC is composed of representatives from the communities of Aklavik, Inuvik, Tuktoyaktuk, Coppermine, Paulatuk, Sachs Harbour, Holman, and Fort McPherson. There are two members appointed by each community, (with the exception of Tuk which was given a third seat in 1980). One member usually represents the local council, and the other the local Hunters and Trappers Association.

Despite the political basis of its representation, the BSCAC cannot be considered a regional government organization, or involved in political decision making, because of its sponsorship by Dome. It does, however, participate as an interested party in exercises such as the Beaufort Environmental Assessment Review. Its formal role has been to assist individual communities with information so that the communities can make their views known directly to the review panel.

Another recently established regional body is the previously mentioned Hudson Bay Oil and Gas Committee. It is impossible to ascertain its potential effectiveness at this early stage of its existence. Nonetheless, committees such as this (and the BSCAC, especially if it obtains more broadly-based funding) could prove to be very useful and constructive for communities, for companies operating in the north, and for other levels of government.

In any event, it is evident that a strengthened system of local/regional government is evolving in the north. One of the conditions for division of the NWT announced by the federal government is consensus among northerners on the appropriate distribution of powers with respect to local, regional, and territorial levels of government. This may have the effect of further solidifying the position of local/regional government in the NWT, given the general importance placed on local government by northerners.

Land Claims

The Eastern Arctic Study has not become involved in the specific details of the land claim currently being negotiated between Inuit Tapirisat of Canada and the Government of Canada. Rather, the procedure has been to obtain information on general items under consideration and on the approaches made on points of agreement.

In the Eastern Arctic Study publication, The Inuit Land Claim, Constitutional Development and Local Government Reform in the Northwest Territories: An Overview,[29] the substance of the ITC claim was discussed. The main points of reference for that discussion were the documents Political Development in Nunavut and Parnagujuk, which contain the broad proposals put forward by Inuit Tapirisat of Canada to provide the basis for negotiations.[30] In brief, Political Development in Nunavut presents considerable detail with respect to political structures, whereas Parnagujuk discusses broad objectives and principles and presents general approaches to a wide range of matters, including municipalities, wildlife, education, energy, area planning, environmental protection, housing, financial policy, health, justice, communication, language, etc. Parnagujuk did not receive wide circulation and has not figured prominently in subsequent negotiations. Since the publication of Parnagujuk in 1980, no new documents have been published by ITC concerning the nature of the claim. However, negotiations have continued.

In October 1981, an agreement in principle regarding wildlife matters was signed by ITC and the federal government. This agreement consisted of three parts relating to Inuit harvesting rights, how those rights would be managed, and economic opportunities for Inuit in the renewable resource economy.[31]

Under the agreement in principle for wildlife, Inuit would be able to harvest all species of wildlife up to their full level of need, restricted only by the need for conservation. In addition, a Nunavut Wildlife Management Board is to be established as the main instrument of wildlife management in Nunavut. This board is to be composed of four Inuit members, four members appointed between the territorial and federal governments, and an independent chairman. Although the board is to have no independent law-

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29. K.A. Graham and A.B. McAllister, Inuit Land Claims ...., 1981.
30. Political Development in Nunavut, Inuit Tapirisat of Canada, Ottawa, 1979; Parnagujuk, Inuit Tapirisat of Canada, Ottawa, 1980.
31. Information from Nunatsiaq News, 30 October 1982.

making powers, it is to be 'substantially binding' on government. (The term 'substantially binding' remains undefined.) Inuit are also to receive special advantage in establishing commercial fishing and tourism industries in Nunavut.

Following the signing of the agreement in principle on wildlife, the next round of negotiations was to begin in mid-November 1981 on the topics of communications, housing, health, education, archeology, and justice. Negotiations were suspended, however, because of the constitutional accord, in which the federal government in discussions with the provincial premiers agreed to drop all references to the recognition and affirmation of aboriginal and treaty rights. The Nunavut Claims Executive Committee indicated that the suspension of negotiations would be lifted only if the federal government agreed to put protection of aboriginal rights back into the constitutional accord.

Agreement was ultimately reached between ITC and the federal government, and the agreement in principle on wildlife management was endorsed by delegates to the First Nunavut Constitutional Conference, held in Rankin Inlet in December 1981 to discuss the future establishment of Nunavut.[32]

The federal government, however, subsequently failed to ratify the wildlife agreement. The Department of Fisheries and Oceans apparently objects to the establishment of the Wildlife Management Board, on the grounds that its establishment would represent an abrogation of ministerial responsibility. Not surprisingly, this had the effect of stalling negotiations.

In December 1981, the federal government released its new policy on settling native claims in Canada.[33] This new policy is a reaffirmation of the government's policy laid down in 1973 by the former Minister of the Department of Indian Affairs and Northern Development, the Honourable Jean Chretien. The policy stresses that the federal government is committed to resolving the land claims issues through the process of negotiation. Guidelines are provided on what can and cannot be discussed in claims negotiations. Political and constitutional development are excluded from claims negotiations.

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[32] This conference involved delegates from ITC communities in the central and eastern portions of the NWT, ITC and its regional associations in the NWT, MLA's from the central and eastern Arctic, and the Member of Parliament for Nunatsiaq. Officials of the GNWT and federal government acted as observers.

[33] Canada, DIAND, In All Fairness, A Native Claims Policy, (Ottawa, 1981), 30 pp.

The basic guidelines for the 1981 policy state that: 'negotiations are designed to deal with non-political matters arising from the notion of aboriginal land rights such as lands, cash compensation, wildlife rights and may include self-government on a local basis. The thrust of this policy is to exchange undefined aboriginal land rights for concrete rights and benefits'. In a release accompanying the policy, Mr Munro stated that 'constitutional development cannot be decided within the claims negotiating forum since all citizens affected must be involved ... Final resolution in this regard will therefore require action beyond the claims settlement'.

This stand is not surprising, in view of the fact that since the 1973 policy statement of Mr Chretien the federal government has been persistent in separating political development issues from claims negotiation.

This position has caused considerable problems in negotiating with various claimant groups. For example, although Inuit Tapirisat of Canada maintains a flexible position with respect to eventual settlement of specific issues, there is one matter to which ITC has remained committed since the claim was first presented: namely, that consideration of political issues and political structures are an integral part of the land settlement process. In other words, ITC maintains that political questions cannot be separated from land claims.

Inuit are firmly committed to the view that ownership of land will help maintain the Inuit land-based culture and identity; help protect the native economy by protecting lands for hunting, fishing and trapping through controlling the extent and nature of development activities; help control the nature and extent of community growth; and involve Inuit in development activities through greater participation with outside interests.

Clearly the ownership of land and political control are intimately linked. The two come together in the establishment of Nunavut and of the various structures and arrangements proposed as part of a land claim settlement. In ITC's view, the creation of Nunavut and the settlement of land claims are simply two different aspects of a single process. Any agreement on topics not directly related to political structures, such as land entitlement, is conditional on the satisfactory resolution of political topics. Political control is viewed as the means to allow Inuit to direct the use of the land and the course of nonrenewable resource development.

Thus, ITC considers productive discussion of political change in the existing NWT necessary for the successful outcome of any land claims negotiations.

It is not difficult to see the effect of these different perspectives of ITC and the federal government on the negotiations; they have been lengthy, but settlement of specific issues has been slow. Recently, however, the federal position concerning the separation of political development from land claims issues seems to have modified slightly. In late August 1982, Mr Munro indicated that: 'the exception to the principle (i.e. that political constitutional development is separate from claims) is that a local or municipal type of government may be proposed and discussed within the claims forum, so long as it can be accommodated within present federal and territorial political structures'.[34]

Although the full import of this statement is not yet known, it could possibly have far-reaching implications. ITC has questioned the appropriateness of the existing structure of local government and proposed that the government of Nunavut assess and reform local and regional government structures and responsibilities.[35] Although the direction of any future reform is unclear, it would appear that local government is a matter of some priority with ITC and that local governments will play an important role in Nunavut.

In March 1982, the chief federal negotiator for the ITC claim was replaced. The change resulted in a dispute between ITC and the Minister of Indian Affairs and Northern Development and led to the suspension of negotiations until August 1982.

In June 1982 an internal reorganization at ITC led to changes in the handling of claims. A new federation, Tungavik Federation of Nunavut (formerly the Nunavut Governing Body), was incorporated to assume full responsibility for negotiations. The Tungavik Federation met in Coppermine in June, and decided to proceed with negotiations despite the fact that the federal government had not ratified the wildlife agreement. The mandate that was extended to the ITC negotiators, however, did not include the authority to renegotiate the wildlife agreement.

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[34] News/North, 27 August 1982, p. A5.

[35] Political Development in Nunavut, ITC, 1978, pp. 15-16.

Negotiations resumed in August 1982, and moved on to land and resources. ITC presented a negotiating document. Presumably, this document contained the proposal outlined in a memo dated April 1982 regarding lands under municipal control in the context of land claims negotiations, which was sent to the mayors and chairmen of eastern Arctic settlements and hamlets by Thomas Suluk, Project Director, Nunavut Land Claims Project.[36]

This memo stated that, under the general heading of ownership and management of lands, ITC would be advancing the concept of the extension of municipal boundaries. To avoid possible conflicts that could arise betwen municipalities and land claims in terms of the selection of land, ITC was said to be considering a new proposal. In past land claims settlements, such as James Bay, and the COPE Agreement-in-Principle, claimant land selection centred on lands surrounding communities. Instead, ITC's proposals would call for the extension of municipal boundaries, with the entire community, rather than Inuit only, owning and managing the community land. According to this memorandum, ITC is proposing that there be three main types of owners: Inuit, municipalities, and government (federal and territorial). Under ITC's approach, municipalities would own and manage lands larger than those encompassed by the present municipal boundaries, and would share in the benefits arising from development activities within those boundaries.

Further negotiations were held in Eskimo Point in September and October 1982, and in Ottawa in November 1982.[37] Topics which were discussed included the assessment of water resources and of the impact of nonrenewable resource development in Nunavut. The federal team also presented a proposal for a new system which would provide for more public participation and review of the social and economic impacts of projects, but would allow a federal minister to have the final say. Inuit objected to having a limited role as advisors with the ability to make recommendations only. Despite these differences, both sides agreed to a six-month timetable for intensive negotiations on these and other topics.

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[36] Memo dated 19 April 1982, from Thomas Suluk, Project Director, Nunavut Land Claims Project, to the Mayors and Chairmen of Settlements and Hamlets in the Eastern Arctic.

[37] News/North, 15 October 1982.

As of mid-1983, the most significant event concerning land claims negotiations and their interrelationship with northern political development was the announcement on 26 November 1982 by the Minister of Indian Affairs and Northern Development that the federal government is prepared in principle to accept the division of the NWT, contingent upon, among other items, settlement of all comprehensive land claims in the territories. The implications are as yet unknown. It is possible, however, that it will provide some incentive for negotiations to move forward.

Mineral Developments in the ITC Claim Area

Mineral development in the context of the Eastern Arctic Study refers to mineral exploration, as well as to the production, processing, and transportation of minerals including oil and gas. As indicated earlier, the study examined four cases of mineral development in the NWT.[38] What follows here is a broader overview of development activities and the mineral potential of the study area.

Although mineral exploration activities have been going on in the ITC claim area for many years, large-scale production began only in 1977, with the opening of the Nanisivik mine. Since that date, and since the beginning of the Eastern Arctic Study in 1980, three mines have opened: Polaris, Cullaton Lake and Lupin. There is no oil and gas production to date in the area, although commercial quantities of gas have been found, and the potential for oil is considered excellent. Indeed, one of the major trends since 1980 has been the increasing oil and gas exploration in the ITC claim area.

Jurisdiction over mineral activities in the ITC area is vested in the federal government, which received ownership and control of all mineral resources on the Crown lands of the NWT under the terms of the British North America Act of 1867. The federal government has exclusive rights to make all laws and regulations regarding the disposition of mineral rights, mining regulations, environmental protection, export permits, and mineral taxation and royalties. Until the passage of the Canadian Oil and Gas Lands Act in 1982, this jurisdiction was exercised chiefly by the Department of Indian Affairs and Northern Development. Changes in the distribution of federal responsibilities for oil and gas resulting from the passage of that act were mentioned earlier and will subsequently be discussed in greater detail.

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[38] See Eastern Arctic Study case studies as follows: The Development of the Polaris Mine, K.A. Graham, 1982; The Nanisivik Mine, M.J. Wojciechowski, 1982; Mineral Exploration in the Baker Lake Area, A.B. McAllister, 1982; The Beaufort Sea Oil and Gas Development, M.P.S. Brown, K.A. Graham, and M.J. Wojciechowski, (pending).

Responsibilities for hard minerals were not affected by passage of the Canada Oil and Gas Act. However, responsibility for health and safety in mining operations was transferred to the Government of the Northwest Territories in 1981. The GNWT also shares responsibility for negotiating the socio-economic terms and conditions that are attached to the development approval process for all minerals.

Until the last few decades, regulation of the mining industry in the NWT was limited mainly to the staking and registering of claims. As will be seen in chapter 3, the regulatory regime has recently become more rigorous, reflecting both the increased level of exploration and production activities and increased concern over environmental, social, economic and political issues.

Existing Mining Activities

Nanisivik

The Nanisivik mine has been in production since 1977, with about 600,000 tonnes of lead/zinc ore milled annually. The mine is located at the north end of Baffin Island, about 17 miles from Arctic Bay, the nearest Inuit community. The concentrate is shipped out during the summer through open water.

The mine has its own company-owned townsite, with single and family accommodation for approximately 200-250 workers plus their dependents and support personnel. There is no elected local government. Over the lifetime of the mine, 23 percent of the workforce has consisted of northerners, from communities throughout the Baffin region and also from the central and western Arctic. Over 400 northerners have been employed for varying periods since 1977, but few have remained for long. At time of writing, twelve Inuit were enrolled in apprenticeship training programs.

Total direct wages paid to northern residents from the mine's inception to early 1982 were $4.28 million.[39] Although relatively few economic spinoff opportunities have been realized, the region has benefited from the resulting improved communications and lower-cost transportation of people and goods from Montreal to Nanisivik and to Arctic Bay.

The life expectancy of the mine on the basis of the proven and probable reserves (4.4 million tonnes at the end of 1982)[40] is about six years. However, if the ongoing exploration program is successful, the period of production may be extended.

The economic, social and environmental effects of the Nanisivik project on nearby northern communities are generally well known. Most of the controversies and concerns that arose during the exploration, development and early production phases have been resolved. The chances of the project expanding significantly or changing the nature of its impact are relatively small, but again depend on the results of the exploration program. It would appear, therefore, that the major area for future concern about Nanisivik, on the part of the Baffin region and the feeder communities which provide employees, will be the economic impact of eventual closure of the mine and the loss of wages. Some communication links such as direct and frequent flights from Frobisher Bay to Arctic Bay may also be lost. For the Baffin region and the GNWT, another question that must be considered is the fate of the Nanisivik townsite after closure of the mine.

Polaris

Cominco's Polaris project began production late in 1981, and began shipping concentrate in the summer of 1982. Like Nanisivik, Polaris ships its concentrate only in summer, when the water is open. Annual volume of ore milled is over 700,000 tonnes, producing about 200,000 tonnes of zinc concentrate and 46,000 tonnes of lead concentrate each year.[41] The estimated reserves of over 25 million tonnes of ore indicate a mine life of at least 20 years.

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39. Hickling Partners, Evaluation of the Nanisivik Project. Prepared for the Department of Indian Affairs and Northern Development. May 1981.
40. Northern Miner, 14 July 1983.
41. Canadian Mines Handbook, 1982-83, (Toronto: Northern Miner Press, 1982).

Polaris is located on Little Cornwallis Island. Resolute, on Cornwallis Island, is the nearest Inuit community, and serves as a transit point for air traffic. The transit and storage facilities at Resolute are separate from the Inuit village of Resolute Bay, and linked by a road. Workers are flown in and housed in company-owned facilities at the minesite, with accommodation for single workers and for married couples (where both spouses work at the mine). Dependents do not live on-site. There is a local government at the Inuit village of Resolute Bay, but not at the minesite.

Construction costs for Polaris were over $160 million, most of which was spent in the south. During the final year of the construction phase, all hiring of on-site workers was done by the Nunasi Corporation (then called the Inuit Development Corporation) for Bechtel Corporation, the contractor. Four hundred workers were hired over the year to sustain the average workforce of 200. Approximately 35 percent were northern residents. Until June 1982, Nunasi also handled Cominco's hiring for the operations phase. Of the start-up workforce of 160, 53 were northern residents. By May 1982, 54 of the workforce of 184 were northerners, 28 were from the Baffin and central Arctic regions, and 21 from the Yellowknife area. The rotation schedule for northern residents is six weeks on and four weeks off, while southerners work ten weeks on and two weeks off.

The number of Inuit employees dropped to the low twenties by late 1982, as a direct result of the economic downturn throughout Canada. Southern employees are staying at Polaris longer than they used to, with the result that there are fewer job openings coming up for the Inuit, who have a higher rate of turnover.[42]

Social and environmental effects of the Polaris project are still under observation. These include the social impact on the community of Resolute Bay resulting from the nearby transit, service, and storage facilities, and the environmental impact of the development on hunting, particularly of polar bears. It is hoped that the good company/community relations that have already been established will help to deal with those matters if they should become matters for concern.

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42. Polaris Report, Cominco Ltd., Polaris, NWT, Spring 1982; and private communication, Inuit Development Corporation, September 1982.

Cullaton Lake

The Cullaton Lake gold mine in the Keewatin region began production in 1982. This project attracted considerable attention because of the early involvement of the Nunasi Corporation as the major source of financing and as a holder of equity. The nearest community is Eskimo Point, about 200 kilometres to the east. The estimated reserves of over 300,000 tons of ore, averaging 0.54 ounces of gold per ton,[43] indicate a possible mine life of as much as 50 years, given the present milling rate and gold prices that will keep the operation competitive. Cullaton has at least 11 other prospects in the immediate area which may extend production even further.

Cullaton Lake is a bunkhouse operation, with northern employees flown in and out of Rankin Inlet and Eskimo Point for a one-week-on/one-week-off rotation schedule. The operating workforce was cut back from 150 to about 100 workers in 1983, as part of a cost-cutting effort following a drop in the price of gold.

Until early 1983 all workers were hired by Nunasi, and about 35 percent were Inuit. The percentage was somewhat lower during the construction phase. Turnover of northern residents has been described as relatively low by a Nunasi spokesman, a factor he attributed in part to the short rotation schedule.

Environmental concerns over the Cullaton Lake project appear to have been fairly minor. The Environmental Impact Assessment and Water Board hearings were not particularly controversial, although they did lead to costly modifications in the design of the tailings pond. All traffic in and out, including gold shipments, is by air, eliminating the need for environmentally disruptive ground traffic between the minesite and other Keewatin communities. This total reliance on air transport is possible only for high-value minerals such as gold, which is shipped out in the form of dore bars. (The Cullaton Lake bars contain over 98 percent gold and about 1.5 percent silver.)

The Lupin Mine

Echo Bay Mines Ltd. is the owner of the Lupin gold mine near Contwoyto Lake in the NWT, about 400 kilometres south of Coppermine.

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[43] Canadian Mines Handbook, 1983-84.

The first gold bullion was poured in May 1982, and full production followed late in 1982. Reserves are estimated at almost 3.5 million tonnes averaging 0.396 ounces gold per ton.[44] The only access to the property is by air, and all supplies and equipment, including trailers and a portable mill, were flown to the site. Accommodation is for workers only, with a rotation schedule of two weeks on and two weeks off.

Capital costs for the project were about $134 million. It has been estimated that northern contracts, going to centres such as Yellowknife and Coppermine, could amount to about $5 million.[45] The workforce for the construction and development phase was about 200 men, and the operating workforce is about 250. As far as the Eastern Arctic Study has been able to determine, no Inuit had been employed at Lupin up to the end of 1982.

As the nearest community, Coppermine was consulted on environmental matters during the development phase. Members of council and of the Hunters and Trappers Association, some of whom had lived and hunted at Contwoyto Lake, visited the site and felt that adequate environmental protection measures were in place or planned. Two representatives from Coppermine also attended the Water Board hearing in Yellowknife.

Hard Mineral Exploration and Development Activities

Mineral exploration activities have been going on in the ITC claim area for many years. By looking at the major centres of activity, it is possible to anticipate where future developments may occur, and which communities should be considering how, or if, they wish to be involved in such developments.

Exploration activities are much more widespread than actual mineral production, and have their own effects on communities. Because of the specialized and seasonal nature of exploration work, relatively few employment opportunities for northerners have resulted from these programs, compared, for example, to some of the producing mines.

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[44] Canadian Mines Handbook, 1983-84.

[45] Initial Environmental Evaluation for the Lupin Gold Project, Beak Consultants Ltd., Mary Collins Consultants, Calgary, 1980.

Uranium

The most widespread mineral exploration programs in the ITC area have involved the search for uranium in the Baker Lake area. Activities have encompassed an area of about 100,000 square kilometres in the Keewatin region, lying west of Baker Lake, south of about 66° and north of the tree line. Successive waves of exploration have occurred since the 1960s, spurred first by the geological similarity of the area to northern Saskatchewan where significant discoveries had been made, and later by increases in uranium prices and demand.

Over 20 companies have been active over the years, operating out of base camps scattered over a very wide area. The base camps and smaller fly-in camps are supplied by air, with frequent flights both from Baker Lake and directly from southern communities. Air support is also needed for much of the surveying and sampling activities. Activities are largely restricted to the spring and summer months, although some supplies are flown in by Hercules and other aircraft in winter, when they can land on the ice and off-load heavy supplies such as oil drums. In 1982 there were 14 companies in the area.[46]

The only discovery to date in the Baker Lake region that has a foreseeable development potential is the Lone Gull deposit found by Urangesellschaft. Over 30 million kg of contained uranium has been identified, and production is expected to begin in 1990.[47] Urangesellschaft's partners in the venture are Saskatchewan Mineral Development Corporation, and Daewoo Corporation of Korea, which will receive a share of the output.[48] The deposit is accessible to open-pit mining. The Lone Gull deposit is close to the community of Baker Lake, which will clearly become a transit point and possibly a base camp if a development decision should be made.

Effects of exploration activities on Baker Lake have included economic, environmental, social and political factors, as well as a court case, as the community sought a halt to exploration in the area. Other Keewatin communities have been interested chiefly in the effects of exploration activities on the caribou herd.

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[46] Canada, DIAND, Mines and Mineral Activities 1982.

[47] Gibbins, Walter A., 'Mining Developments, Mineral Inventory and Metallogenic Models: Arctic Regions, NWT, Canada', DIAND, December, 1981.

[48] Canadian Mining Journal, July 1983, p. 9.

Uranium exploration has been conducted in other parts of the ITC area as well, although not as extensively, and with no significant discoveries to date. Dejour Mines Ltd. has been active on Baffin Island near Fury and Hecla Strait, and Noranda Mines Ltd. at Mackar Inlet on Melville Peninsula. Urangesellschaft has been active near Bathurst Inlet, and BP Minerals, Canadian Nickel, Uranesz, and Cominco have had programs south of Coppermine.

Base Metals

Exploration for lead and zinc has been particularly active in the immediate vicinity of Nanisivik and Polaris mines, where discoveries would prolong the useful life of the existing infrastructure and facilities. Nanisivik has increased its activities recently, and is now spending about $1 million annually in exploration. Cominco's Eclipse deposit on Cornwallis Island is estimated to have about 1.5 million tonnes of ore, averaging 12.4 percent zinc and 2.18 percent lead,[49] and further exploration has been conducted there and at other locations near the Polaris mine. Petro-Canada began looking for base metals on Ellesmere Island in 1982.[50]

Noranda, Cominco and Kidd Creek have also had active programs south of Bathurst Inlet. The major discoveries to date have been at Hackett River where reserves are estimated at 19 million tonnes of ore grading 5 percent zinc, 0.75 percent lead, and 0.41 percent copper; at Izok Lake, 11 million tonnes with 14 percent zinc, plus copper, lead, and some gold; and at Hood River.[51]

In Canada copper is usually found in combination with a variety of other metals, particularly lead and zinc. Exploration for copper has been concentrated in three parts of the ITC area. South of Coppermine, a staking rush in 1966 led to intensive programs involving more than 50 companies, but no significant discoveries. At Wreck Lake, very near Coppermine, 3.7 million tonnes of ore with 3.07 percent copper have been outlined. This does not yet represent an economic deposit, considering the lack of infrastructure and of other proven deposits in the area. However, programs are continuing.

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49. Walter A. Gibbins, 'Mining Developments, Mineral Inventory and Metallogenic Models: Arctic Regions, NWT, Canada'.
50. Canada, DIAND, Mines and Mineral Activities, 1982.
51. Walter A. Gibbins, 'Mining Developments ....'.

Copper exploration has also been carried out in the massive sulphide deposits near Contwoyto Lake. The largest discovery to date is the Izok Lake property. Most of this deposit could be mined by open pit, which would keep the development costs relatively low.

The third area of interest for copper is inland from Eskimo Point in the Keewatin. This greenstone belt resembles that in the Val d'Or-Timmins area and has tremendous potential, but is relatively unexplored. The Gemex-Sulpetro Heninga Lake deposit in the area averages 9 percent zinc, plus 1.3 percent copper and some gold and silver. Reserves so far are estimated at 3 million tonnes.[52]

Iron Ore

In 1962, relatively small but rich iron deposits were identified in the Mary River area of Baffin Island. About 350 million tonnes of ore have been outlined, including 127 million tonnes grading 68 percent iron. This is high-grade direct mill feed, and could be recovered by open-pit mining. Iron deposits on Melville Peninsula have been identified, with 1200 million tonnes of magnetite grading between 23 and 34 percent in the eastern deposit, and a western deposit estimated to contain an additional 3300 million tonnes. Both deposits can be mined by open pit and concentrated magnetically. Weak markets for iron ore and extensive unused capacity at existing mines mean that production from these deposits is not likely in the short or medium term.

Gold

Cullaton Lake Mines is actively exploring in the vicinity of its producing mines. Because the mill and other facilities are already in place, it will be easier to justify development of deposits there than in more remote areas.

Several exploration programs are also under way in the central Arctic, near Coronation Gulf and Contwoyto Lake. Canuc Resource's Arcadia property on Coronation Gulf has an estimated 474 thousand tonnes of ore, averaging about 11 grams of gold per tonne.[53]

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[52] Private communication, Sulpetro Minerals Ltd., October 1982.

[53] Walter A. Gibbins, 'Mining Developments ....'.

South of the Lupin mine, the Salmita deposit owned by Giant Yellowknife has an estimated 122 thousand tonnes at 21.66 grams of gold per tonne.[54] The assessment program at Salmita was completed in August 1982, underground development work is in progress. A development decision is expected soon.[55] Costs to date have been $7 million.

Exploration is proceeding at several other locations in the same area, including Giant Yellowknife's Allgood property, and properties held by Goldfields, Kidd Creek, Paulson, and Noranda. Coppermine is the closest ITC community to these exploration programs.

Coal

Occurrences of coal have been noted in a number of locations in the Arctic, particularly on Ellesmere Island. The most recent exploration programs have been conducted near Eureka by Petro-Canada, Gulf Minerals and Utah Mining.[56] Resources in the area have been estimated at more than 2,000 million tonnes of sub-bituminous coal, suitable for strip mining. Production is not expected in the foreseeable future.

The nearest community to this potential development is Grise Fiord, some 500 kilometres to the south.

Oil and Gas Exploration and Production Proposals

As suggested earlier, one of the major trends in the central and eastern Arctic since 1980 has been increasing interest in the area's potential oil and gas reserves. Although there is no production of oil and gas in the area, there is considerable exploration activity.

Arctic Pilot Project

Exploration of the Drake and Hecla gas fields on and near Melville Island has been carried by Panarctic Oils, a consortium of more than 30 resource companies. Commercial discoveries have been made. The Arctic Pilot Project (APP)

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54. Ibid.
55. Northern Miner, 21 October 1982, (reported reserves of 154,000 tonnes averaging 0.817 oz/ton).
56. Mining Magazine, July 1982, p. 46.

has been established by Petro-Canada, Dome Petroleum, Nova, and Melville Shipping, and proposes to test the technical and economic feasibility of delivering natural gas from these fields to markets in Europe or eastern Canada. The project hopes to ship gas produced by Panarctic Oils, aiming at a production level of about 320 million cubic feet of gas per day from eight to ten onshore wells for at least 20 years.[57] A short pipeline will carry the gas from the two production clusters of the Drake gas field to the Drake Point facilities on Melville Island, which will include a dehydration plant. Production from the Hecla gas field may be required as well.[58] Drake Point will require an airstrip, about 10 kilometres of roads, and the usual camp facilities such as fresh water supply, generator, and waste disposal.[59]

A pipeline will carry the gas 160 km to Bridgeport Inlet, where it will be treated in a barge-mounted liquefaction plant and stored for shipment on LNG tankers. Bridgeport Inlet will require a shipping terminal, storage barges, airstrip, maintenance services, 16 km of roads, and living facilities for workers. Construction of the two camps and pipeline would be spread over four years, with winter shutdowns. Operating staff requirements have been estimated at about 350, and the construction manpower requirements will peak at about 1,200 over two seasons.[60]

Initially, it is planned to use two class 7 LNG tankers to transport the gas, making a total of 15 or 16 trips per year through Parry Channel, Lancaster Sound, Baffin Bay, and Davis Strait.

The capital costs for this project, including a proposed terminal in southern Canada, have been estimated at $2.3 billion (1981 dollars). APP had hoped to begin production by 1987, but the construction start-up has been delayed indefinitely pending completion of marketing arrangements with European customers, plus National Energy Board approval.

It should be noted that the APP is considered to be a pilot project only. If it is ultimately approved and if it is successful, additional wells would be put into production at the Drake Point and Hecla gas fields, and a compressor

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57. Northern Perspectives, April-May 1982.
58. Northern Miner, 6 January 1983.
59. Arctic Pilot Project, Report of Environmental Assessment Panel, October 1980.
60. GNWT internal estimates, private communication.

would be added at Drake Point. The increasd production could require as many as 30 LNG tankers for shipment,[61] which presumably means as many as 240 trips per year.

Arctic Islands

Exploration for oil and gas in the Arctic Islands began in the early 1970s. The principal operator has been Panarctic Oils. Reserves for the whole area are estimated at 125 million cubic metres (800 million barrels) of oil, and 0.4 trillion cubic metres (15 trillion cubic feet) of natural gas. Estimates of the recoverable potential of the Arctic Islands sedimentary basin are as high as 0.63 billion and 2.25 trillion cubic metres of oil and natural gas, respectively.[62] In late 1982, Panarctic Oils announced that it had negotiated 20 new five-year exploration agreements with the federal government for an area near Lougheed Island. It is estimated that the program, which involves 67 companies, will cost $560 million, of which $15 million will be spent in the north, including $3 million for northern salaries.[63] Panarctic has applied for production approval for its Bent Horn oil field on Cameron Island.

Davis Strait

A number of oil companies have been involved in exploration activities in the Davis Strait area since the 1970s, including Esso Resources, Aquitaine, Canadian Cities Service, Hudson Bay Oil and Gas and Petro-Canada. Most recently, Canterra Energy Ltd. (formerly Aquitaine) signed a five-year agreement for an exploration program expected to cost over $200 million. Canterra, owned by the Canada Development Company, estimated that in 1982 alone about $400,000 in salaries would go to Baffin Island residents.[64]

No commercial discoveries have yet been made in this area, although some gas has been located.

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61. Arctic Pilot Project, Report of Environmental Panel.
62. G.C. Bruce and D.R. Motyka, The Potential for Oil and Gas Production from Canada's Frontier Areas, CIMM Annual Meeting, Quebec City, Paper No. 24, April 25-28, 1982.
63. Globe and Mail, 16 November 1982, p. B1.1
64. COGLA, News Release, Ottawa, 15 July 1982.

Hudson Bay

In June 1982, the federal government announced approval of a five-year oil and gas exploration program in Hudson Bay. A consortium headed by Canadian Occidental Petroleum and including the Ontario Energy Corporation and Soquip (provincial Crown corporations of Ontario and Quebec) holds leases covering over 70 million permit acres in the northwest, east, and southeast portions of Hudson Bay.

The operator, Sogetpet, was expected to spend $7 million in a 100-day drilling season during 1982, and possibly $50 million over the entire program. This is a relatively small program compared, for example, to the $200 million program of Canterra in the Davis Strait, or the $560 million that Panarctic plans to spend on exploration in the high Arctic over the next five years.

Lancaster Sound

Consolidated Oil and Gas plans to drill a test well in Lancaster Sound in 1985. Seismic studies show promising indications in the Dundas Harbour area.[65]

Beaufort-Mackenzie Delta Region

The Beaufort-Mackenzie delta area's exploration activities are of great interest to the ITC communities, as an example of the effects of such developments on northern communities, because the production phase will likely involve transportation through ITC area waters, and because ITC wants the area included in an eastern territory because it is above the tree line, maritime, and includes a number of Inuit communities.

Exploration for oil and gas is well advanced in this region. Dome and Esso have had active programs for many years, and Gulf has become active after a lapse of some years. About 130 exploration wells have been drilled on land since the 1960s. Offshore, Esso began drilling from artificial islands in 1972, Dome began from drillships in 1976, and Gulf in 1983. A total of 29 offshore wells have been drilled, and six oil discoveries have been made in the Beaufort Sea.

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[65] APOA Review, Fall 1983.

Discoveries as of 1982 in the Beaufort region totalled 0.3 billion cubic metres of oil,[66] and 0.25 trillion cubic metres[67] of natural gas. Recoverable potential has been estimated to be 1.3 billion cubic metres of oil and 1.55 trillion cubic metres of gas.[68]

Dome, Esso and Gulf have renegotiated their exploration agreements under the terms of the new Canada Oil and Gas Act, as have a number of other companies with rights predating the act. Esso's agreement, announced in May 1982, calls for five offshore and four onshore wells over a 5-year period, at an estimated cost of $600 million. Gulf Canada and its partners will drill at least five wells by 1988. A Gulf representative has stated that production could begin in the early 1990s, given commercial-scale discoveries and a transportation system.[69] John Munro, the Minister of Indian Affairs and Northern Development, appeared to agree with this timetable, stating that, assuming commercial discoveries result, oil production could begin five years later.[70]

By 1990, it has been estimated, an additional 70 exploration and delineation wells will be needed in the Mackenzie-Beaufort region, plus about 175 offshore production wells.[71] Nine new artificial islands will be needed in shallow waters, and at least one deep-water development island. Total capital costs to the year 2000 have been estimated at about $16 billion (in 1981 constant dollars).[72] This figure does not include pipeline or tanker construction costs. Manpower requirements for construction alone are expected to increase from about 2,000 in 1982 to nearly

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[66] 2 billion barrels (1 cubic metre = approximately 6.29 barrels)

[67] a trillion cubic fee (1 cubic metre = approx. 35.49 cubic feet)

[68] G.C. Bruce and D.R. Motyka, The Potential for Oil and Gas Production from Canada's Frontier Areas, paper No. 24, CIMM Annual Meeting, Quebec City, April 25-28, 1982.

[69] Globe and Mail, 21 January 1983.

[70] Ibid.

[71] Hydrocarbon Development in the Beaufort Sea-Mackenzie Delta Region, Dome, Esso and Gulf, June 1981.

[72] G.C. Bruce and D.R. Motyka, op. cit.

9,000 by 1990,[73] and estimates are as high as 12,000, if pipeline construction is included.

Dome's original estimate that its oil production could begin as early as 1986 has been set back at least three years. Dome proposed an initial production level of about 50,000 barrels of oil per day, moved to markets by a single icebreaking tanker which would cross through the waters of the eastern territory. An eventual increase to 1.25 million barrels per day would require 26 tankers.[74] Esso on the other hand has proposed construction of a 'demonstration' pipeline to move onshore oil reserves to the Norman Wells pipeline and hence to southern markets.[75] A final decision on the use of tankers for moving Beaufort Sea oil to markets will not be announced until after the Beaufort Environmental Assessment Review process has been completed.

Transportation and Other Issues

Aside from the direct impacts of exploration activities and the development of specific mine sites or hydrocarbon wells, the issue of how the resulting products are transported out of the north has emerged as extremely important. A range of transportation possibilities was raised in the early Eastern Arctic Study 1981 publication, Industrial Development in the Eastern Arctic Study Area: A Preliminary Overview.[76] In the intervening three years, objections to the Arctic Pilot Project by ITC and others, and the work of the Lancaster Sound Regional Study and the Beaufort Sea Environmental Review Panel, have kept transportation issues in the foreground. Plans for the Polar Gas, Norman Wells and Mackenzie Delta pipelines have contributed to the discussions.

In addition to transportation issues, increasing attention is being placed on the environmental and socio-economic impacts of specific developments. It is conceivable that implementation of the federal government's northern land use

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73. GNWT internal estimates, private communication.
74. Hon. John C. Munro, remarks to the Canadian Club, Edmonton, 17 June 1982 (presented by Sen. J. Austin).
75. Ibid.
76. C.G. Miller, Industrial Development in the Eastern Arctic Study Area: A Preliminary Overview, May 1981, pp. 14-17.

planning regime, plus continued use of the environmental assessment and review process and other approaches to examine particular proposed developments will continue this trend. For example, some of the mineral deposits mentioned above are technically suited to open pit or strip mining. The industrial development regime in place in the north, regardless of its specific nature, will likely consider any proposals for resource extraction in socio-economic and environmental terms, as well as from a technical standpoint. The next chapter deals with the nature and effects of such efforts to date.

3. THE CURRENT SYSTEM OF INDUSTRIAL DEVELOPMENT

Introduction

This description of the current system of industrial development is based on information from two main sources. First, the Eastern Arctic Study has attempted to follow the general evolution of the industrial development regime as it has affected the study area. Second, the Eastern Arctic Case Study series[1] has provided considerable information concerning the operations and the strengths and weaknesses of the development process. The current approach to industrial development is described in terms of planning, regulation and monitoring of industrial development, and of the interested parties involved in these activities.

Planning for industrial development encompasses a number of elements. Who undertakes development, the location of development, the pace of development, anticipation of potential costs and benefits, and land use planning associated with industrial development are all components of the planning aspect of industrial development.

Regulation may be defined as the establishment of terms and conditions of exploration and development. It should be noted that, under current circumstances, companies and individuals operating in the ITC land claim area have the 'right' to explore or develop. Regulatory regimes establish how this will be done and ensure that the rules are followed. Regulation includes: land use control, environmental impact assessment, the granting of permissions and licenses (for example, for water use), the negotiation of socio-economic conditions and Canada benefits (Canadian content, purchasing policies, etc), and the granting of export licenses.

Monitoring of industrial development may be defined as overseeing the developments that are being regulated.

Although these three aspects of the development process are the focus of attention, another important activity which cannot be omitted from consideration is the implementation of plans for development. By implementation is meant those activities associated with carrying out development plans and the fulfillment of regulatory requirements. These activities are many and varied, and extremely important; they include the actual efforts to construct a mine or well and its subsequent operations, and can involve companies, any level of government, and other interested parties. Implementation activities are frequently unique to each particular project at hand. For example, the Nanisivik, Polaris and Beaufort cases each demonstrated a different approach to northern employment, training, and spin-off contracts. Furthermore, each revealed unique external factors, economic, political, social, or environmental, that can influence their approach to implementation. Because of the lack of uniformity in specific implementation activities, it is difficult to describe them in a study such as the Eastern Arctic Study, which is designed to deal with general trends. Consequently, they will not be treated separately in the following discussion, although their importance is acknowledged.

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[1] Eastern Arctic Study Case Studies: The Nanisivik Mine; The Development of the Polaris Mine; Mineral Exploration in the Baker Lake Area; Oil and Gas Exploration in the Beaufort Sea; The Alaska Native Claims Settlement; and The James Bay Agreement.

A number of interested parties may participate in the various aspects of industrial development: the federal government, a territorial government, regional and local governments, other community organizations, and companies. Non-governmental organizations also may participate actively in the process. Non-governmental organizations undertake a variety of activities: for example, representations before planning and regulatory bodies, independent studies, and lobbying with companies and non-government officials, as described in the individual case studies. Despite the impact of their activities, the role of government organizations will not be dealt with extensively here because they are not a primary focus of the Eastern Arctic Study.

Two non-governmental organizations should receive special mention, however, because of their important roles in the region. Inuit Tapirisat of Canada (ITC), or more specifically its offshoot, Tungavik Federation of Nunavut, is formally assigned responsibility for negotiating land claims on behalf of the Inuit of the central and eastern Arctic. Another offshoot of ITC, Nunasi Corporation, (formerly Inuit Development Corporation) is assigned responsibility for undertaking economic development initiatives on behalf of the beneficiaries of the claim. There is a broad range of possibilities for the roles of ITC and its associated organizations in the post-claim era. For example, ITC could become mainly a cultural organization, or it could remain an important voice in expressing the political aspirations of Inuit. Nunasi Corporation could have a monopoly on investing the financial compensation from a claim settlement or share that responsibility with other organizations, including local/regional governments and/or a territorial government and other development corporations. The potential role of these organizations in the post-claim period, particularly their relationship to governments, should be kept in mind.

Planning for Industrial Development

The Role of the Federal Government

The federal government has responsibility for determining not only the nature of the planning process, but also the nature, pace and location of resource development that may emerge from the process. In general terms this responsibility is derived from the British North America Act and, since 1982, the Canada Act. The main piece of federal legislation concerning the government of the Northwest Territories, the Northwest Territories Act, does not give the GNWT control over nonrenewable resources. Thus, the territorial government is in a different situation from provincial governments, which have nonrenewable resources under their jurisdiction.

The Department of Indian Affairs and Northern Development acts as the lead ministry on issues related to land development and nonrenewable resource projects on Canada Lands[2] in the Yukon, the Northwest Territories and their offshore areas. The Department of Energy, Mines and Resources, on the other hand, has jurisdiction for Canada Lands south of 60 degrees, including offshore lands in the Hudson Bay-Hudson Strait region. The oil and gas management functions of these two departments are now pooled in a single organization known as the Canada Oil and Gas Lands Administration (COGLA), which was established in 1982 to administer the provisions of the Canada Oil and Gas Act and the Oil and Gas Production and Conservation Act on Canada Lands. Other federal departments having a direct interest in the questions of 'who and where' include the Department of Transport, the Department of the Environment, and the Department of Fisheries and Oceans.

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[2] Canada Lands is the term applied to Crown land in the Yukon and Northwest Territories. These lands comprise the vast majority of the territories' area and are under direct federal control.

In keeping with its central role with respect to planning, the federal government has the final say concerning the location of development, in negotiation with industrial proponents. It also influences the pace at which development will occur; in the past, this has been coordinated through a system of interdepartmental committees. The establishment of COGLA provides a new focal point for government negotiations with the oil and gas industry, but an interdepartmental committee structure for northern development will likely remain as well. Ultimate decision making occurs at the Cabinet level.

Environmental impact assessment has been the responsibility of the Federal Environmental Assessment Review Office (FEARO) since December 1973. When a proposed federal project or activity, or one involving federal funding or federal lands, is determined to have potential significant environmental effects, it is referred to FEARO for a formal review by an environmental assessment panel. That panel makes recommendations concerning the conditions under which the proposed project should or should not proceed, which are sent back to the Minister requesting the review and on to the Minister of the Environment. Public comment may be made during the public hearings held as part of each review. However, this environmental assessment and review process is exclusively federal in design and composition, and the final decision about how, or indeed whether, a project should proceed, is made by the federal government at the Cabinet level.

Not all northern resource development activities are subject to a formal environmental assessment review. For example, neither the Polaris nor Nanisivik mines were considered to have sufficiently significant effects to warrant a full-scale review. (Both projects did, nonetheless, have to satisfy the other relevant aspects of the federal regulatory process including environmental studies.) The plans of major oil and gas operators in the Beaufort Sea, on the other hand, are currently being studied by a formal environmental assessment review panel.

Aside from having more or less permanent structures in place for decisions concerning northern resource development, the federal government also undertakes ad hoc planning exercises. These are basically of two types: area or regional planning (for example, for the Lancaster Sound area); and site-specific planning (for example, planning related to the development of the Nanisivik and Polaris mines).

In the case of site-specific developments, it is usually a company proposal which triggers the planning process. In area-wide planning exercises, more generalized industrial interests (or other environmental and socio-economic interests) may set the process in motion. In either event, the federal government controls not only who will be involved in senior advisory and/or decision-making capacities in the planning process, (for example, the composition of the Lancaster Sound Task Force, etc.) but also their terms of reference. Once the exercise is complete, the federal government may then choose whether or not to act on the results and recommendations presented.

To date, much of the planning for northern development has been conducted in a fragmented, reactive, and ad hoc manner. This has resulted in the criticism that the planning process has been out of step with decision making concerning which industrial development activities will proceed in areas such as the Beaufort which are under significant development pressure.[3] The federal government appears to be attempting to remedy this situation by implementation of a new land use planning regime, which is designed to anticipate potential development, as well as to deal with actual proposals.

In the summer of 1981, the federal government announced a new policy on comprehensive northern land use planning which included the establishment of a federal Land Use Planning Commission in the NWT. In making the announcement, the Minister of DIAND emphasized that land and resource management is primarily a federal responsibility, although a cooperative effort involving both the federal and territorial governments is proposed. The details for implementing this planning regime are still being worked out. However, a hierarchical planning system which will involve local authorities, native associations, and others such as industry representatives is planned. Current information suggests that local authorities and native organizations will be involved in the consultative process, but that their recommendations will not be binding on the proposed Land Use Planning Commissions to be established in each northern territory.

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3. Report of the Task Force on Beaufort Sea Developments, submitted to Senior Policy Committee, Northern Development Projects, April 1981, pp. 5-6.

The Role of the Territorial Government

The territorial government has no formal power in the planning stage, except with respect to community land use planning. Specifically, the Government of the Northwest Territories currently undertakes planning for Commissioner's Lands, those lands in and around communities which have been transferred from federal control to the jurisdiction of the territorial government. (Land in the NWT, even that on which private housing is built, is almost never privately owned.) Generally speaking, if a community becomes convinced of the merits of undertaking a planning exercise, the GNWT or a consultant retained by the GNWT will prepare a general plan for the community. These planning exercises however, rarely relate directly to resource development, which usually occurs outside community boundaries.

The GNWT is forced to act essentially as an interested party or lobby group concerning most aspects of planning for resource development. Its role is not dissimilar to that of other interested groups such as native organizations. For example, the territorial government may, according to its own interests, pressure the federal government to stimulate or to retard the pace of development. It sometimes is successful in such efforts; for example the federally-announced delay in construction of the Norman Wells pipeline was, in part, a federal response to pressure from the GNWT (and other groups within the NWT).

Regardless of its current mandate, the GNWT is attempting to develop the capability to plan for both broad and specific implications of resource development. One can point to the recent establishment of an Energy and Resource Policy Secretariat and to the preparation of a Resource Development Policy adopted by the Executive Committee of the GNWT in May 1982. As stated previously, the Resource Development Policy has proven to be contentious. Nevertheless, plans for the establishment of development impact zones in specified areas were being formulated by the spring of 1983.

Within the context of its current powers and responsibilities, the GNWT has appointed a project manager to represent its interests on-site during the construction of the Norman Wells pipeline. The GNWT is also seeking, with varying success, increased representation on planning bodies, task forces, and so on.

The Role of Local Governments

Local governments have no formal role in planning for resource development. As stated above, they have been encouraged by the territorial government to engage in land use planning exercises within community boundaries. However, such exercises would be related to development only in instances when exploration and development activities in the hinterland prompt development of base camps and/or residential and commercial growth within or near a community. The impact of oil and gas exploration in the Beaufort Sea on planning Tuktoyaktuk's future is an example of this, as is Resolute's concern about the impact of the Polaris Mine on the demand for housing and other local services and Coppermine's anticipation of a Polar Gas pipeline in its vicinity.

In cases of planning for specific projects, the federal government and companies may pay particular attention to communities by providing information and soliciting their comments. Not surprisingly, communities exhibit varying levels of sophistication and interest. Communities such as Tuktoyaktuk, which has had experience with resource development, may act as lobby groups to promote their own interests. Under present circumstances, they tend to focus more on the federal government and on companies and less on the territorial government in their lobbying efforts. Other communities, such as Pelly Bay, have had little exposure to resource development and tend to play a relatively inactive role.

The Role of Companies

It is usually the interest of a company in development that triggers the planning process. The company initiates an exploration program or an economic and technical feasibility study. Once government is involved in the process, companies also act as providers of information and as active proponents of development, appearing before various committees and task forces established by government to present their case. The burden of providing information regarding proposed activities has increased dramatically in recent years. The main point of contact for companies has been and continues to be the federal government, although they are also paying increasing attention to communities and to the territorial government.

Regulation of Resource Development

Regulation involves the establishment of terms and conditions of exploration and development, including the following matters: land use control, environmental impact assessment, land use permits, leases, permissions and licences), socio-economic conditions, export licences, Canada Benefits, and so on.

The Role of the Federal Government

The federal government establishes and implements virtually all aspects of regulation pertaining to resource exploration and development. These activities require the involvement of a plethora of federal departments and agencies, including the Department of Indian Affairs and Northern Development, the Department of Energy, Mines and Resources, the Department of the Environment, the Canada Oil and Gas Lands Administration, and the National Energy Board, to name a few. Different departments and agencies are involved, depending on whether the proposed activity concerns hard minerals or oil and gas. Land-based and water-based activities are also subject to different regulatory regimes.

The federal government has sole responsibility for the regulation of land use on Canada Lands. This is exercised under the Territorial Lands Act and the Territorial Land Use Regulations. The process for issuing federal land use permits for mineral exploration and development has been a major focus of attention in the past.[4] Regulation of land use for minerals is split into two processes, one for exploration and one for production.[5] Exploration requires land use permits under the Land Use Regulations, as well as water use authorizations. Although there is no legislative requirement for it, extensive consultation follows application for a land use permit. The application is first checked by the DIAND district manager, and then distributed to the Canadian Wildlife Service, the Environmental Protection Service, Fisheries and Oceans, the Government of the Northwest Territories, major native organizations such as ITC, and to any community that may be affected by the proposed exploration program. Although the consultation process cannot prevent approval of an exploration permit, it can lead to the establishment of terms and conditions.

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[4] In addition to the Eastern Arctic Study Case Study Series, see Katherine A. Graham, Ronald G. MacEachern, and C. George Miller, The Administration of Mineral Exploration in the Yukon and Northwest Territories, (Kingston: Centre for Resource Studies, 1979).

[5] See A.E. Gauske and F. Adlam, 'Land Use - the Regulatory Process', in Northern Mining in the 80s, proceedings of the Northwest Territories Chamber of Mines 'Mining Days 1981', Yellowknife, April 8-9, 1981.

Production activities require a land use permit , a surface lease, and a mining lease. An environmental review conducted by DIAND's regional environmental review committee preceeds the issuing of leases. Quarrying operations require a quarrying permit, as well as land use and water permits. The consultation process with communities regarding the conditions attached to land use permits has been the subject of considerable controversy and criticism. The Baker Lake case study provides perhaps the most prominent example of local dissatisfaction with the consultative process.

Water use is another important aspect of the regulatory process. Within the land mass of the NWT (as opposed to offshore), water use is regulated under the Northern Inland Waters Act. It provides for the establishment of the Northwest Territories Water Board, which may have no fewer than three and no more than nine members appointed by the Minister of Indian Affairs and Northern Development. In fact, nine members are appointed in the following manner: six by the federal government, and three on the recommendation of the territorial government.

The act requires that the NWT Water Board hold a public hearing for each application for a licence, or for renewal of a licence. Licences must be issued prior to the use of any waters or the disposal of any water-borne waste. The board makes a recommendation to the Minister of DIAND on the issuance of licences and related terms and conditions. If a licence is issued by the Board on the advice of the Minister, DIAND is responsible for enforcing its terms and conditions. Thus, while the public hearings provide an opportunity for other interested parties to seek to influence the outcome, decisions with respect to the issuance and conditions of water use licences are made at the federal level.

Regulations applying to northern hydrocarbon development vary somewhat from those applying to activities related to hard minerals, even though artificial islands are subject to regulations under the Territorial Lands Act and the Land Use Regulations, and the Northern Inland Waters

Act applies to use of fresh water for land-based activities of oil and gas companies.

Technical aspects of oil and gas operations are regulated by the Oil and Gas Production and Conservation Act. This act, which is adminstered by COGLA, requires that any company undertaking exploration or development activity have an operating licence and a prior written authorization for each activity.

Public hearings are a formal part of the development process for water use authorities, and are also held in conjunction with DIAND's environmental review. No mining projects in the NWT have been subject to environmental review by the Federal Environmental Assessment Review Office. Socio-economic agreements are negotiated, and can be more stringent in cases where the federal government has some negotiating leverage, such as an export permit in the case of Polaris, and an export permit and infrastructure assistance in the case of Nanisivik. In addition, companies are encouraged to engage in frequent and wide ranging consultation with communities which will be affected by the project, and to hire northerners where possible. The degree of consultation and northern expenditures by companies varies with a number of factors, including the federal bargaining levers, the proximity and the involvement of communities, and special arrangements, such as the initial financing of Cullaton Lake by Nunasi Corporation. Where no such factors are in play, as in the case of the Lupin mine, there is little or no consultation outside the formal process, and little in the way of northern hiring or spin-off contracts.

The Oil and Gas Drilling Requlations, promulgated in 1979, pursuant to the Oil and Gas Production and Conservation Act, require a drilling program approval for all offshore wells and a drilling authority for all wells drilled below 152 metres.

An application for drilling program approval is first reviewed by COGLA, which carries out a technical assessment. Environmental aspects of the application are reviewed by the Northern Affairs Program of DIAND with advice from the Interdepartmental Environmental Review Committee (IERC). The resulting approval-in-principle is conditioned by recommendations resulting from each of these reviews.

Applications for drilling authorities are referred to the Arctic Waters Advisory Committee (AWAC) which undertakes a local assessment process.[6] AWAC visits settlements that could be affected by hydrocarbon activities and holds meetings in order to find out what environmental restrictions people feel are necessary; it then recommends environmental operating conditions to DIAND. The authority is issued, subject to conditions which are set by the Regional Conservation Engineer (COGLA), and the drilling is subject to monitoring to ensure compliance with those conditions.

Offshore drilling sites must be approved pursuant to the Arctic Waters Pollution Prevention Act. An offshore artificial island or other drilling facility is regarded as having potential to deposit waste into Arctic waters. The approval process is the same as required for the approval of a drilling program and is carried out by the same review bodies.

The construction of artificial islands is regulated by DIAND (under the Public Land Grants Act) as well as by the technical requirements of the Oil and Gas Production and Conservation Act. Companies are required to obtain a dredging licence to dredge silt and sand from the sea floor for island construction and to dredge harbour sites. Industry must also lease the sea bottom required for island construction, by means of a land tenure agreement obtained from the regional office of DIAND in Yellowknife.

A permit system to control the dumping of harmful substances into the ocean to protect the marine environment was adopted by the Department of Environment, under the Ocean Dumping Control Act. The act, administered by Environment Canada with the advice of the Regional Ocean Dumping Advisory Committee and the Arctic Waters Advisory Committee, does not apply to dumping drilling wastes in the regular course of activity from a drill site, but is used to issue permits for disposal of dredge spoils.

Federal approval of hyrocarbon exploration and development and the development of hard mineral deposits also requires consideration of socio-economic matters. Responsibility for the negotiation and monitoring of socio-economic agreements with companies is shared by the federal government and the GNWT. Comprehensive memoranda of agreement are negotiated by the federal government with proponent companies, setting out the general terms and conditions under which a project may proceed. These may include broad socio-economic objectives. Companies are then required to negotiate a more detailed socio-economic agreement, with the GNWT stipulating specific objectives with respect to such matters as employment and training,

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6. AWAC is composed of representatives of the federal and territorial governments, and a representative from the Committee for Original Peoples' Entitlement (COPE).

and detailing plans for meeting those objectives. The GNWT is responsible for monitoring the implementation of such agreements; however, there are few sanctions at its disposal if a company fails to fulfill its obligations. The real power to impose sanctions on companies who fail to live up to the terms of their socio-economic agreement remains with the federal government through its control of the permit process. Moreover, it is the Minister of Indian Affairs and Northern Development who is ultimately responsible for all development agreements.

Consideration of the federal regulatory process would not be complete without reference to the Federal Environmental Assessment Review process, since this process involves both planning and regulation of resource development, and leads to establishment of many of the environmental (and sometimes socio-economic) terms and conditions.

From the above, it can be seen that the regulatory regime varies somewhat from project to project. Basically, however, it entails a direct relationship between the federal government and the proponents.

The Role of the Territorial Government

The GNWT has responsiblity for negotiation of specific aspects of socio-economic agreements with companies, although the federal government controls the general direction of those agreements and has the power of sanction should a company not comply. The federal government also appears to be tying socio-economic considerations more closely to environmental concerns through its environmental assessment and review process, as is evident in the Beaufort Sea environmental assessment review.

The GNWT also has responsibility for land use control on Commissioner's Lands. This responsibility is delegated, to some extent, to local councils in the communities where those lands are located. Control of Commissioner's Lands represents a tangential role for the GNWT in resource development. It relates more to the siting and size of base camp facilities than to the regulation of mine or well sites, which are outside communities, on Canada Lands or offshore.

The GNWT participates with the federal government in a secondary position on certain regulatory bodies, such as the NWT Water Board (described above), the Arctic Waters Advisory Committee, which reviews all applications for offshore oil and gas permits in Arctic marine waters to establish environmental protection requirements, and the Land

Use Advisory Committee (LUAC), which plays an important advisory role in the granting of major or Class 'A' land use permits.

Involvement in other aspects of the regulatory process is limited to attempts to influence the federal government and/or companies through direct negotiation or presentations at formal hearings.

The Role of Local Government

Local governments have no decision-making power with respect to regulation outside their boundaries. Most communities (i.e. hamlets, villages, towns and cities) in the NWT can pass by-laws and regulate land use within their boundaries, subject to approval by the territorial government. As suggested above, this can involve communities in discussion with companies and other levels of government concerning the development of base camps and services.

Consultation procedures have been established in the approval process for issuing land use permits and water licences for exploration and development activities outside of communities, but within their area of interest. Communities must be kept advised of such activities, and in many cases both governments and companies consult extensively with community councils. However, any real influence that a community may have in this regard will depend entirely on the good will of the other parties involved. In many instances, good will has been adequate to ensure that the wishes of the community are met, or at least that an attempt has been made to accommodate them. The Polaris case study provides some examples of involvement of interested communities through the regulatory process, particularly as the issue of water use was considered. The Baker Lake case study concluded, on the other hand, that inadequate federal government consultation with the community concerning land use permits for exploration was a major cause of the costly court case.

The extent and scope of consultation, however, may tend to disguise the fact that these proceedings are outside of the real decision-making process, and that often consultation is simply a means of disseminating information about proposed activities. Naturally, community councils would prefer to have some real authority in the planning and decision-making exercise, rather than being reduced to the role of an audience for the presentation of information.

The Role of Companies

Companies are the subjects of regulation. As the proponents of industrial development, their activities trigger various aspects of the regulatory system. Companies may be required to prepare a wide range of technical, socio-economic and environmental studies in response to government requests. They are also encouraged, often even required, to deal directly with communities on a range of matters. For example, DIAND has encouraged industry to take the initiative in community consultations and to set up community meetings to discuss such matters as proposed exploration and development programs, employment and training opportunities, economic spin-off opportunities, social impacts, environmental protection measures, and other areas of mutual concern. Companies are also being required to enter into socio-economic agreements which ensure benefits to northern communities. It is in the best interests of companies to meet these requirements, because failure to comply with government regulations or with terms and conditions of agreements lead to lack of cooperation, or even penalties when for example, they apply for a new licence or seek to renew an existing licence.

Monitoring Resource Development

Monitoring has been defined as overseeing and enforcing the conditions of development as established through the regulatory process.

The Role of the Federal Government

The federal government monitors all aspects of resource development (except for details of socio-economic agreements). This involves inspections to ensure that companies are complying with regulations under a number of pieces of federal legislation relating to land and water use, exploration, mining, and oil and gas activities. The government also reviews operations during the process of renewal of land and water use permits, imposes penalties when regulations are not being complied with, and renegotiates approvals and agreements. These activities naturally involve a variety of federal departments and agencies.

Some developments may, in addition, have special monitoring arrangements agreed to by the federal government and the particular company or companies involved.

For example, in the case of the Nanisivik mine, the Master Agreement between DIAND and Mineral Resources International (the proponent company) called for the establishment of a Monitoring Committee and a Training and Employment Advisory Committee.

As noted in the Nanisivik case study, although both committees have closely monitored developments at Nanisivik, they lacked sanctions and therefore have been ineffective as means of enforcing compliance with the terms of the Master Agreement. Because their membership excludes formal representation from local or regional bodies, and because of the lack of sanctions, their role seems to have been principally to facilitate communication with the federal and territorial governments about company activities.

The Role of the Territorial Government

The territorial government is responsible for monitoring specific aspects of socio-economic agreements negotiated with companies. However, any sanctions for failure to comply reside with the federal government. The GNWT may also participate on special monitoring bodies set up for specific developments such as those in the case of Nanisivik.

The Role of Local Governments

Communities naturally maintain an ongoing interest in observing exploration and development, and a desire that their views be considered.

Although local governments do not generally participate in the formal monitoring process, most communities make representations to other levels of governments and/or companies regarding developments in their vicinity. This has occurred in the Beaufort Sea area through the BSCAC, and when officials of the territorial government visit communities to monitor Dome compliance with its socio-economic agreements. Also, in recent years, the community of Baker Lake has kept close watch on mineral exploration activities, particularly as it affects caribou migration. Arctic Bay keeps an eye on Nanisivik, Pond Inlet watches oil exploration activities in its area, and Resolute stays in touch with happenings at Polaris. As in the case of regulation, the influence of the communities is largely a function of the good will of governments and companies.

4. OBSERVATIONS ON THE INDUSTRIAL DEVELOPMENT PROCESS

Introduction

This chapter will provide some observations on the current industrial process in the central and eastern Arctic, based primarily on the evidence gathered by the case studies. Many of the comments made will already be familiar to students of the north. In addition to commenting generally on the process, an attempt has been made to obtain views on possible directions for the future. To this end, discussions about positive characteristics of an industrial development regime for the north were undertaken with community and company officials and others. An initial list of desired characteristics of the industrial development process based on this research was then developed, with the help of the Eastern Arctic Study Advisory Committee and others. The result is a common-sense set of characteristics that companies and communities would like to see in a future industrial development process that is set out at the conclusion of this chapter.

The Current System

The current system of industrial development in the central and eastern Arctic represents the best efforts to date of all parties to deal with the complexities of development in Canada's north. Many parties are involved: three levels of government, companies, interested nongovernmental organizations, and the public at large. As attempts are made by one party or another to respond to the interests of other parties, idiosyncratic approaches to planning, regulation, and monitoring industrial development have been used. This has led to wide variations in the duration and complexity of company-community-government dealings. The short approval period for the development of the Nanisivik mine, and the extended period over which the Polaris project was considered, although influenced by a variety of other factors in addition to government processes, provide examples of the range of approaches used.

Complexity

The process is extremely complex. On occasion this has contributed to confusion, frustration and delays, to the chagrin and annoyance of all participants. The Polaris and Baker Lake cases provide examples of this.

Although control of the process is centralised in the federal government, there are numerous and varied opportunities for participation by other interested parties. This is illustrated by both the Beaufort Sea and Polaris case studies, in which it was shown that participation may occur through such mechanisms as information dissemination, hearings, and public information sessions and workshops. The case studies have also demonstrated, however, that, despite opportunities to participate, there are practical limitations related to availability of time, funding, and basic knowledge of development which impinge on the ability or predisposition of some parties to participate in the process. Such limitations would seem to apply most particularly to communities and nongovernmental organizations. Indeed, the only essential and consistent participants in the process seem to be the federal government and proponents of development.

Fragmentation

Although the current process may allow for extensive consideration of issues surrounding development, the fragmented nature of the process may mean that effectiveness is reduced, as a result of parallel, competing, and occasionally conflicting goals and responsibilities. Within the federal government, for example, the relationship of the environmental assessment and review process to the land use planning process has been unclear. The relationship of federal and territorial government activities in the socio-economic field is becoming increasingly complex. The Beaufort Sea and Baker Lake cases provide examples of confusing relationships between the federal government, communities, and nongovernmental organizations. This fragmentation often leads to delays and to situations in which the important issues are considered in isolation from other related matters, or are missed altogether.

Consideration of Northern Circumstances

The Eastern Arctic Study case studies reveal that the nature of the industrial development process has not been adequately communicated to northerners. Many northerners have limited familiarity with the wage economy, southern business practices, and the nature of industrial development where time is often of the essence. On the other hand, communication about company and government plans does not always fully consider cultural differences, such as Inuit preferences for consensus-style decision making and for extended rather than brief fly-in visits from outsiders, to permit full exchange of views rather than one-sided briefings.

Consultation

Although the term 'consultation' is frequently used to describe examination of land use permit applications, public hearings, and other discussions with northerners, the actual meaning of the word has become confused. In the minds of many community members, consultation is equated with decision-making authority. In the view of government and company officials, consultation relates more to the dissemination of information and to solicitation of opinion which may or may not be accepted. This confusion is a major source of difficulty with the current industrial development process, and in some cases, such as Baker Lake, has contributed to the development of frustration and of negative community attitudes toward development.

Federal Communication and Efforts to Improve the Process

It would appear that governments, more often than not, have inadequately explained the resource development regime to communities. In some instances, as found for example in the Baker Lake and Beaufort Sea case studies, company representatives have been put into the position of having to explain and defend the planning and regulatory regime, when all they are attempting to do is to fulfill its requirements.

Where governments have made concerted attempts to explain the process, there have been mixed results because of different interpretations of the underlying assumptions of the process. In Baker Lake, for example, community representatives believed that the regulatory process could be used to halt exploration, when in reality it could be used only to impose some conditions on the exploration activity.

Federal responsibilities for the current system of industrial development are sometimes conflicting and rarely easy to fulfill. For example, a major difficulty faced by the federal government is the development and articulation of a definition of 'the public interest' concerning northern development. As guardian of the public interest, the federal government must balance the dictates of what is seen to be in the national interest with those considerations related to the unique characteristics of the north and its people.

The federal government has been concerned about some of the perceived shortcomings of the current system. Periodic attempts have been made to identify and coordinate the myriad departments and agencies involved in northern department issues. DIAND has for example created the Mining Management and Infrastructure group, to give mining developments a stronger focus, and the Beaufort Sea Office, to coordinate communication for that region. Another recent change in the coordination of planning and regulation was the establishment of the Canada Oil and Gas Lands Administration (COGLA) in 1982, intended to provide a focal point for the oil and gas industry and the federal government in the regulation of Canada Lands. The Letter of Agreement between the Deputy Ministers of DIAND and EMR regarding the establishment of COGLA specifically indicates that COGLA will not duplicate the resources of other departments in carrying out its mandate.[1]

The Mandate of the Territorial Government

The territorial government can be described as having a very restricted role in industrial development, which it is presently attempting to expand. The new Resource Development Policy which, if implemented, would establish territorial regimes for planning, regulation and monitoring of all aspects of resource exploration and development is one aspect of this attempt. Regardless of one's views concerning the legislative basis or appropriateness of the initiative, the territorial ambitions currently proposed may contribute to the confusion and fragmentation of decision-making concerning industrial development.

Basic decisions made at the federal level, such as a go/no-go decision or a decision on the scale or the pace of development to be undertaken, have implications for the territorial government. Most importantly, they create de-

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1. Letter of Agreement Between the Deputy Ministers of EMR and DIAND Respecting COGLA Relationships with Policy and Operational Activities Undertaken by Other EMR and DIAND Units, paragraph 6.

mands for infrastructure, and for education, social services, housing, water, sewage, and roads, and other goods and services provided by the territorial level of government. The level of demand for these services is therefore largely beyond the control of the territorial government, even though it has responsibilities for their provision. The financial pressures created by these demands contribute to the desire of the GNWT to obtain additional revenues from development for itself and for the people of the north. The recent announcement of the Minister of Indian Affairs and Northern Development that provincial status would not be achieved in the foreseeable future indicates that the revenue issue will continue to be a problem, although the detailed discussions on formula financing for the territorial government may contribute to its resolution.

Community Strategies and Sophistication

At the present time, local governments and communities can be characterized as bystanders in most of the industrial development process. In communities such as Tuktoyaktuk and Pond Inlet, circumstances have prompted the community to become relatively sophisticated concerning industrial development. Others, such as Holman and Pelly Bay, have had less exposure and fewer opportunities to become involved. Some communities, especially those subject to intense development pressure, are seeking a more active role, and have found it necessary to develop their own structures to deal with industrial development. For example, Tuktoyaktuk, Inuvik and Pond Inlet all have special committees to deal with the impact of oil and gas exploration and development.

Regardless of their level of sophistication concerning development, communities sometimes make the common mistake of confusing consultation with decision making, assuming the former implies the latter. In part this may be due to a lack of understanding of the regulatory process, stemming from inadequate briefing from, and contact with, government personnel, particularly from the federal government. In many cases companies are the main point of contact and source of information for communities concerning industrial development. All communities would like to see a simpler industrial development process, and to have a clear understanding of their role and responsibilities within that process, and of how the process can be used to protect their interests.

Company Perspectives

Companies generally express the view that they are beset by multiple and sometimes conflicting demands and by uncertainties over the development process. Although they recognize the advantages of dealing directly with communities and nongovernmental organizations concerning industrial development matters, they do not want to be put in the position of interpreting, or indeed defending, government policy or regulations.

Fragmentation of the development process is also a source of considerable frustration to companies, as they experience unanticipated delays and the associated escalating costs. Companies desire a clearly-defined, speedier development process, with more widely-known rules of the game, and a more streamlined approach involving fewer planning, regulatory and monitoring bodies. Companies would prefer to deal with one government, and fewer planning, regulatory and monitoring bodies, rather than with what seems at times to be an endless number of departments and agencies.

Another source of simplification for companies would be settlement of outstanding land claims. Knowledge of the terms of claims settlements and the implications for resource development would reduce some of the uncertainties now facing developers, and the associated risks and costs.

A Future Industrial Development Process

There is consensus in the north that industrial development based on the extraction of nonrenewable resources will continue. Differences of opinion exist concerning the costs and benefits of development, appropriate rates of development, and who should be vested with particular powers of control. Although different groups have different views of what the development process should be, all participants in the current industrial development process seek some improvements in it. The concluding part of this chapter identifies characteristics or features of an industrial development regime that appear to be desirable from the standpoint of communities in the central and eastern Arctic, and of companies interested in exploration and development in the NWT.

This limited focus is not in any sense intended to imply that the territorial and federal governments and nongovernmental organizations do not seek changes or improvements in the present system. Rather, attention has been placed on community and company views because the focus of the Eastern Arctic Study is on the interaction of communities and companies with each other and with other levels of government concerning industrial development. Other governments, particularly the federal government, have ultimate control over the mandatory requirements of the industrial development process and will articulate their own interests as they exercise that control. However, the most effective regime will also incorporate as many as possible of the features favoured by communities and companies.

Proponents of industrial development would prefer an industrial development regime that is disposed to development, in the sense that, unless exceptional circumstances exist, the purpose of the regime should be to set conditions for development rather than to deliberate the fundamental question of whether or not development should occur. In contrast, communities seek a regime which views the prospect of development in as neutral a manner as possible. Such a system would neither promote nor discourage development but would weigh the costs and benefits in each case.

Be that as it may, there are certain characteristics of a future industrial development regime that communities and companies agree upon. Both parties would like to see:

i a process which clearly distinguishes the appropriate roles of government and industry with respect to dealing with communities, and a process which defines the role of communities clearly;

ii a process which is understandable, in the sense that basic requirements are clearly defined and explained to all the interested parties. As changes are made in the system, they should be communicated as quickly and as clearly as possible to all parties involved. Preferably, proposed changes in the process should be discussed with interested parties beforehand;

iii a process which is uniform and predictable. Any industrial development regime will, of necessity, require modification at times to reflect changing circumstances. Nevertheless, the basic nature of the regime should be such that the rules of the game about the nature of the planning, regulatory and monitoring processes should not change capriciously;

iv a process in which decisions are consistent. Communities and companies alike seek a regime in which like proposals under like conditions result in comparable decisions about whether or not to proceed, or regarding the conditions of exploration or development;

v a process in which the intent and limits of public participation are clearly established. Communities and companies would like to have the purpose and the limits of public participation clearly defined, along with the extent to which the public can expect to influence companies and government about industrial development matters;

vi a process which avoids undue duplication and delay.

How can these desirable characteristics be achieved? To a great extent, the forces that can create such a development process are the same factors which have been the focus of Eastern Arctic Study research: the forces of political development in the north, land claims, and industrial development. In the context of future possibilities, subsequent chapters turn once again to these factors.

5. ALTERNATIVES FOR POLITICAL DEVELOPMENT

Introduction

The objective of this chapter is to identify ongoing political forces likely to affect the future of the Eastern Arctic Study area and to assess their implications. It then proceeds to set out alternatives for the future political development of the area.

In chapter 2, the interplay of political development, land claims, and industrial development activities was explored. That chapter dealt with changes in each area since the beginning of the Eastern Arctic Study. In a very real sense, each is a force for change and has implications for the other areas. For example, despite federal government insistence that land claims and political development issues not be dealt with in the course of land claims negotiations, the type of land claim settlement reached will have some implications for the options for political development at all levels of government. On the other hand, political developments and agreements may circumscribe the range of items negotiated through land claims. Similarly, industrial development activities are a potential force for political development and have a possible impact on native claims. For example, a significant amount of industrial development might encourage a strong federal presence in the north if that industrial development were seen to be tied to the national interest. This high level of federal activity might in turn reduce the formal responsibilities related to industrial development held by territorial and local governments, and might also encourage a sophisticated approach by those same governments as they attempt to influence federal policy and programs.

It would seem that the forces of political development are the strongest determinant of the future of the north. To be sure, the impetus for political decision-making may be economic considerations or a desire to respond to the aspirations of a particular segment of society, such as the Inuit of the central and eastern Arctic. However, it is the ultimate expression of political will, particularly by the federal government, that will shape both the course of land claims negotiations and the pace and nature of industrial development.

From the perspective of the Eastern Arctic Study, there are three key dimensions which must be examined when considering future options for political development in the study area:

1. the actions of the federal government;
2. the evolution of the Government of the Northwest Territories, as it is presently constituted;
3. the evolution of local and regional government.

The Federal Government

As we have repeatedly stressed, the actions of the federal government represent the most important determinant of the future of the NWT including political development, the course of land claims negotiations, and industrial development. At least three important areas of decision for the federal government must be examined in this context. They are: division of the Northwest Territories, transfer of powers to the new territorial governments, and the continuing federal presence in the territories.

The federal government's position concerning division of the current NWT has perhaps received more public attention than any federal action regarding the north since its 1973 decision to negotiate land claims. As discussed previously, in November 1982 the Minister of Indian Affairs and Northern Development announced federal agreement in principle with the concept of division. In doing so, the Minister put the onus on the people of the current NWT to reach agreement concerning a new boundary and the allocation of powers between the territorial and local levels of government.

The second important area of decision for the federal government concerns the assignment of powers to the new territorial governments, should division occur. For example, the federal government might argue that one or both of the newly-established northern territories should receive fewer formal responsibilities than the existing Government of the Northwest Territories until basic political and administrative structures are in place, staffs are trained, and politicians have gained experience.

The final important area of federal initiative is very much related and also still uncertain. It concerns the future extent of federal government presence in the north. The Eastern Arctic Study case studies indicated a trend toward increasing federal activity in the NWT. In addition to the traditional interests of the Department of Indian Affairs and Northern Development, the RCMP, and the Department of Health and Welfare, other departments and agencies have now established a presence or at least an interest in the north. These include, for example: the Department of Transport; the Department of Fisheries and

Oceans; the Department of the Environment; the Canada Oil and Gas Lands Administration; the Federal Environmental Assessment Review Office; and Petro-Canada. It is conceivable that each of these departments, agencies, and Crown corporations will continue to be interested in northern developments, particularly in nonrenewable resource development and its impacts. Federal government decisions concerning the extent of future activity of these various departments and agencies will be very important, and will affect, in part, the decisions about the distribution of powers between the federal and territorial governments. This, in turn, will affect the responsibilities and concerns of local governments.

The Territorial Government

Particularly because of the federal government's request that the people of the north determine the boundary between two new territories and the distribution of powers between territorial and local levels of government, the evolution of the existing Government of the Northwest Territories will be a key determinant in the political development of the NWT. A number of territorial government initiatives appear to be important.

Reference was made in chapter 2 to the alliance which has emerged between native organizations and the Ninth Territorial Assembly. The ability to reach decisions about boundaries and the distribution of political powers is linked quite strongly to the ability of territorial politicians and native leaders to continue this alliance.

The GNWT's devolution policy (also discussed in chapter 2) is designed to transfer responsibilities from the territorial government to local governments.

The rate at which this transfer proceeds will shape the proposals brought by the GNWT to the federal government concerning the distribution of powers and responsibilities between territorial, regional and local governments.

The Minister of Indian Affairs and Northern Development commented in November 1982 that full provincial status would be a long time coming in the NWT. Nevertheless, the vigour with which the political leadership of the GNWT is presently seeking more responsibilities from the federal government will likely set the tone of political discussions in the future when two new territories are established. The aggressive stance of the current territorial government might well carry over to the new territories. In addition, the move toward formula financing for the current GNWT might well increase the extent of independent decision-making that is possible at the territorial level.

Local and Regional Government

The rate of development of the political and administrative capabilities at the local and regional levels will have an important effect on the future relationship between local and regional governments and both the territorial and the federal governments.

At present, two initiatives of the GNWT seem likely to influence the future place of local and regional governments in the northern political system. The first of these is the GNWT's devolution policy. Although that policy has been formally adopted, the Minister responsible for its implementation has indicated that there are difficulties within the GNWT militating against its wholehearted implementation. A further impediment lies in the possibility that many communities may be reluctant to assume additional powers until their administrative and technical capabilities are strengthened. Accordingly, the second important initiative of the GNWT will be staff training and other activities it undertakes to strengthen the capabilities of local government and prepare them for devolution.

There are at least two noteworthy trends emerging from the local level which will likely have an influence on the future course of political development. The first is the development of regional structures based on defined local and regional interests. The establishment and evolution of the Baffin Regional Council has been well documented and, since the beginning of the Eastern Arctic Study, a Keewatin Regional Council and a Central Arctic Regional Council have also emerged. The establishment of regional councils by local governments provides another forum for local interests and a formal opportunity for communities in a defined area to establish and express a regional viewpoint on matters considered to be of wide interest. The establishment of regional councils has been complemented by the emergence of other regional organizations such as the Keewatin Wildlife Federation, which is composed of representatives from the Hunters and Trappers Associations in Keewatin communities. Such organizations create an opportunity for the further development of northerners' organizational skills and political sophistication. As these various regional bodies become better established, it is conceivable that they will exert increasing influence on the territorial and federal levels of government and on proponents of industrial development.

The second local initiative with likely implications for the future political development of the NWT relates specifically to industrial development. It is the emergence of regional committees to deal with industrial development issues, such as the Hudson Bay Oil and Gas Committee, established in 1981 by communities around Hudson Bay in response to increasing activity in oil and gas exploration in the area. One of the most interesting features of this committee is that in its early stages it appealed directly to the federal government for funding, by-passing the territorial government and creating a direct link between the local and federal levels. The question arises as to whether or not this type of local/federal relationship will be strengthened in the future.

As early as 1981, the Beaufort Sea Community Advisory Committee discussed broadening its base of financial support beyond Dome/Canmar. Following the Hudson Bay Oil and Gas Committee example, in 1982 it sought federal funding (unsuccessfully). Participation of the BSCAC in the Beaufort Environmental Assessment Review indicates that the committee, although set up primarily to undertake liaison between Dome and Beaufort communities, is turning its attention to federal liaison as well. The extent to which communities and the federal government find such direct relationships useful will likely have some influence on federal decisions concerning the future allocation of responsibilities among levels of government in the north and the nature of the industrial development process itself.

Division of the Northwest Territories

The actions and evolution of all three levels of government are important in determining the political development of the north. However, the actions of the federal government and the evolution of the territorial government will in effect determine the evolution of local government, which will largely be a passive recipient of its new role. Accordingly, alternatives for future political development are perhaps best viewed from the perspective of what may happen at the federal and territorial levels. Before discussing any alternatives, however, some consideration must be given to the basic political development issue facing NWT today, the issue of division.

The debates within the NWT on division, the recent plebiscite on division, and the federal agreement in principle to division of the NWT have received considerable attention. The pre-conditions for the division of the NWT announced by the John Munro in November 1982 (settlement of all land claims; territory-wide agreement on a new boundary; and the distribution of responsibilities among the territorial, regional and local levels of government) make it conceivable that division may not be achieved for some time to come. On the other hand, it must be acknowledged that, if all native organizations in the NWT see division as a very important goal, the Minister's announcement may speed up land claims negotiations and result in the achievement of division relatively quickly.

It is generally assumed that, regardless of when or whether division occurs, there will be a territorial government as an intermediate level of government between the local and federal levels. Those who argue in favour of division, including the Impact Committee of the Territorial Assembly, take the position that division will result in two territorial governments, each of which will be more reflective of the interests of the people it serves and therefore a more effective government.

Division would create a separate territory in the central and eastern Arctic which would be entirely above the treeline and would have an Inuit majority. The government therefore would presumably reflect different values and priorities than the current territorial government, where Inuit interests compete with many others. For example, Inuit are maritime-oriented. Accordingly, a new territorial legislature in the central and eastern Arctic, or Nunavut, would likely place a high priority on maritime matters. Also, decision-making practices might vary from territory to territory. Practices of the legislature for the central and eastern territory, for example, might reflect Inuit preferences for consensus decision making.

The greater homogeneity of interests to be considered by a Nunavut government might reduce the level of conflict that has sometimes emerged during discussion of development initiatives in the GNWT. These conflicts arise as a result of the broad range of interests in the NWT that must be considered and balanced when making decisions regarding industrial development. At present the public interest in the NWT includes the often disparate interests of Inuit, Dene, Metis, Inuvialuit and a wide variety of non-native northerners. The closer identification of the new territorial government with specific interests might make the dealing between companies, the federal government, and a territorial government more predictable and possibly even more harmonious.

The two territorial governments resulting from division might view the role and structure of local government somewhat differently. For example, the Nunavut government would not have to deal with conflicts between band councils and community councils, which have occurred in the western NWT in the past. From the statements and positions taken by Inuit leaders, moreover, it would appear that a Nunavut government would accord considerable importance to local government.

As suggested earlier, division probably does not mean that two territories would have stronger governments in terms of their formal responsibility. The governments of the two new territories might continue to exercise the same responsibilities as the present GNWT, or the federal government might deem it necessary to accord the new territories fewer powers, temporarily or for the longer term. The Minister did not deal with this issue in his November 1982 announcement.

It is clear that division will bring about important changes. However, the available options or alternatives for political development in terms of the possible distribution of responsibilities between the federal and territorial levels of government remain the same, regardless of whether or not division occurs.

Political Development Alternatives

Three broad approaches to political development of the NWT have been identified in terms of federal/territorial distribution of responsibilities:

i the status quo;
ii greater power for a territorial government;
iii federal centralization.

Each alternative will be described in general terms. Each will also be assessed in terms of:

- the implications of division;
- the implications of each alternative for local and regional government;
- the type of informal changes which might occur in the relationship of communities in the central and eastern Arctic to the industrial development process.

The Status Quo

This alternative assumes that the distribution of powers between the federal and territorial governments would remain fundamentally the same as at present. The present system is in some respects very fluid, with both levels of government apparently seeking to expand their present roles in resource development. For example, the GNWT is attempting to assert itself in this area through its Resource Development Policy, introduced in 1982. The federal government has also undertaken some new initiatives, such as its direct dealings with the Hudson Bay Oil and Gas Committee, and formal consideration of socio-economic matters in the federal environmental assessment review being undertaken in the Beaufort Sea. In spite of these and other initiatives, the overall formal distribution of powers between the federal and territorial governments is assumed to remain basically unchanged in this alternative.

Within this alternative, changes can also occur in the relationship between local and regional governments and the territorial government. For example, the devolution policy of the current GNWT still stands. Regional structures may continue to emerge and be granted formal status, as has occurred in the case of the Baffin Regional Council.

These changes might occur with or without division, although division would likely affect the determination of priorities by each territorial government. For example, a Nunavut government might focus particular attention on the structure of local and regional government, and might show greater willingness to accord more responsibility to the local level. Also, there might be even more emphasis on regional structures: for example, a Nunavut government might assign responsibilities directly to regional bodies, a departure from the current situation in which regional governments receive their responsibilities from the local level.

Division might result in changes in the level of attention being paid to industrial development issues by Inuit of the central and eastern Arctic. For example, it is conceivable that the significant requirements (of both time and money) of establishing a new territorial government would, at least in the transition phase, lessen the ability of Inuit to respond to industrial development initiatives or divert their attention from such matters. Another possible distraction might arise from the fact that Inuit place a high priority on social, cultural and educational matters, which might well become the principal focus of a new Nunavut government, if it is accorded responsibilities analogous to those of the current Government of the Northwest Territories. Clearly, it would be impossible to ignore industrial development activities within their area especially if there is increasing activity such as large-scale oil and gas production and transportation. However, the relative homogeneity of opinion within Nunavut and the reflection of that opinion in its government might make it possible for Inuit to focus their attention and energies efficiently on industrial development issues from the outset.

Continuation of the status quo with respect to the formal distribution of powers would not preclude the federal government from making further informal changes or minor modifications in the existing industrial development process. For example, under this alternative local or regional governments will continue to participate in industrial development activities on an ad hoc basis, rather than through any formal mandate. With division, there might be an increase in local involvement because of the presumed predilection of the Nunavut government for strong local and regional participation, although there still would be no formal continuing role for local and regional governments.

In any event, maintenance of the status quo will mean that the federal government will retain control of the industrial development regime, and will continue to have great ability to carry out its objectives concerning planning, regulating and monitoring of industrial development, by whatever means it views as appropriate.

Greater Power for a Territorial Government

This option is distinguished by the transfer of certain responsibilities from the federal to the territorial level of government. This transfer would stop short of full provincial status and the ownership of nonrenewable resources that provincial status implies. Responsibilities open to transfer could include socio-economic matters, renewable resource development and/or nonrenewable resource development. For example, the territorial government might receive even more authority than at present concerning the negotiation of comprehensive socio-economic agreements with companies, and the development and implementation of social programs such as those related to occupational health and safety on development sites. It might assume responsibility for caribou protection and monitoring. The territorial government might have a formal role along with the federal level in land use planning on Canada Lands, in the land use permit process, in the negotiation of basic letters of agreement or memoranda of understanding between proponents of development and government, and in monitoring all aspects of nonrenewable resource development.

A variety of intergovernmental arrangements might evolve for the federal and territorial governments to work out their new relationship. For example, territorial government participation in the new Territorial Land Use Planning Commission has already been announced by the federal government. The management structure established as a result of the agreement between the federal government and the Government of Nova Scotia on offshore resources provides another possible model.

It is evident that division could result in a different set of responsibilities being allocated to a Nunavut government than to a new western territorial government, or than are presently allocated to the GNWT. Furthermore, a Nunavut government might place different emphasis on its responsibilities, and/or exercise responsibilities in a different way from a western territorial government or from the GNWT. For example, as previously noted, it might accord higher priority to the role of local or regional governments, or to education and culture.

Under this alternative, the allocation of new responsibilities could affect territorial government attitudes towards industrial development. For example, if the territorial government were given increased responsibilities with respect to nonrenewable resource development, it might then have a financial stake in the development and might well encourage it. However, if the increased responsibilities did not include some influence or control over the negotiation of the benefits from the development, the government's stance might be to obstruct development pending a better deal for the territory in terms of its role in the development process and the benefits it receives.

The enhancement of territorial powers would widen opportunities for devolution of responsibilities to local governments. This might result in the introduction of formal involvement of local governments in industrial development matters. This could happen regardless of whether or not division occurs, but is perhaps more likely with division. Similarly, the role of regional governments in industrial development matters might be strengthened if the territorial government decides to devolve some of its enhanced powers directly to the regional level. This would represent a departure from current practice, in which regional council responsibilities are assigned by local governments. Again, this possibility would be more likely if division occurs.

Two other possible ramifications of this alternative are worthy of note. First, the possibility does exist (albeit remotely, particularly with division) that a strengthened territorial government would seek to consolidate and strengthen its authority, with the result that local and regional governments find themselves exercising either the same responsibilities as they do now or fewer responsibilities.

The second possibility concerns the predictability and uniformity of the industrial development process. A formal change in the distribution of powers between the federal and territorial governments would require new structures and procedures for the planning, regulation and monitoring of industrial development, at both the territorial and federal levels to accommodate the changed roles. This might eventually result in an industrial development process which is more standardized in its approach to dealing with local and regional and company concerns regarding industrial development. However, the period of transition would be characterized by change, uncertainties, and ad hoc approaches. This situation would be prolonged if the process of transferring powers is not clearly set out, and could result in increased risk and uneven treatment for all concerned, particularly if there is pressure for a rapid pace of industrial development during the transition period.

Federal Centralization

This alternative for political development has two main elements. First, the federal government would take back responsibilities formerly assigned to the territorial government. Of particular importance might be the resumption of federal authority over land use planning and control of Commissioner's Lands, negotiation of all socio-economic conditions with proponents of industrial development, and management of renewable resources. The second, and perhaps more important element of this alternative would be increasingly aggressive and expanding exercise of existing federal powers vis-a-vis the north, expecially with respect to nonrenewable resource development. The rationale for such federal activity might well be founded on the continuing or growing importance of northern resource development, particularly oil and gas, to the national economy and to the federal government itself.

In this context, there would be little or no prospect for devolution of responsibilities to the territorial government. There might, however, be continued devolution of some areas of responsibility from the territorial to the local level. Such devolution would not extend to responsibilities associated with the industrial development process, because the territorial government would have no such responsibilities remaining.

To some extent, such a trend can already be observed. For example, the federal government has included consideration of socio-economic matters as part of the Beaufort Sea Environmental Assessment Review, despite GNWT insistence that it is responsible for socio-economic negotiations.

If division were to occur, it is possible that the federal government would think it necessary to adopt an even more centralist approach in order to ensure that the new territorial governments are well established before they take on too many responsibilities. The extent to which the federal government might retreat from this position once the new territorial governments are established is open to speculation.

The decline in territorial government power under this option might result in a more direct relationship between the federal government and local and regional governments than now exists. Increased contact between the federal and local/regional levels of government might improve the level of mutual understanding between them. The effect of greater federal level contact on territorial/local relations might be negligible, although it might possibly heighten tensions between the territorial government and the local and regional governments. This is particularly likely if the territorial government views itself (as provincial governments do) as the arbiter of local government activity, including local-federal relationships.

Despite the potential for increased contact with the federal government, local and regional governments might find that federal centralization of responsibilities for industrial development results in a loss of local or regional influence or decision-making powers. For example, if the federal government reassumed direct control over capital budgeting (now a territorial responsibility), local government might find a reduction in the extent of consultation about capital budget matters. In recent years, the GNWT has consulted local governments, on a regional basis, about capital budget priorities, and the federal government might or might not continue this practice. In this or any other area, if local dissatisfaction arose with newly-adopted federal practices, it is conceivable that local governments would become the focal point for political reaction to federal initiatives.

It would appear that the federal government is currently making attempts to establish an industrial development process which is clearer to all participants, by creating more predictable and permanent structures for dealing with planning, regulation and monitoring. Federal centralization would accelerate this trend. These evolving structures serve various purposes, being advisory, regulatory or administrative in nature, and even with increased centralization might involve formal participation of northerners. This would represent a departure from the current situation, in which northerners are asked on a random basis to participate in specific studies of one sort or another, such as the Lancaster Sound Regional Study and the Beaufort Sea Environmental Assessment Review. The structures established in this context could be more long-term in nature, although there would still be room for ad hoc bodies to consider specific industrial development issues where the federal government thought it advisable.

Conclusion

As is evident from the above, the direction taken by political development in the NWT will be fundamental to both the role of local governments and the industrial development process in the central and eastern Arctic. The predilection and the ability of either the federal or territorial governments to accord power and influence to local and regional governments in the political decision-making process will be crucial. This power or influence will in turn shape local attitudes toward developments well as the process of control.

Another possible source of enhanced local participation in industrial development issues is the settlement of land claims. Just as different options for political development have different possible effects on local participation, so different approaches to claim settlements will have different impacts. It is to this subject that we now turn.

6. ALTERNATIVES FOR CLAIMS SETTLEMENTS

Introduction and Caveats

This chapter identifies and discusses a range of possible land claim settlements in the eastern and central Arctic of the Northwest Territories. Four alternatives will be considered:

i no settlement of ITC land claims;
ii settlement similar to the James Bay Agreement;
iii settlement involving Inuit influence over development;
iv settlement involving Inuit control over development.

The rest of this chapter will be devoted to a discussion of each of these settlement possibilities in terms of general features regarding Inuit ownership of land, financial matters, and Inuit participation in planning, regulation and monitoring of industrial development.

However, before the alternative settlements are outlined, a number of caveats should be noted. First, the alternatives described here are not exhaustive and are discussed in general rather than specific terms. Negotiations are still in progress, and no attempt is made to second guess the negotiators or interject our values or views into the negotiation process. The ideas set out concerning the terms and conditions of possible settlements are suggested as examples only, the implications of which may be useful and informative.

Second, the land claims alternatives in this chapter will not deal with the entire range of matters that would be considered during negotiations of land claims settlements. Many issues, such as culture and communications, while very important to the claimants, are not related to the original objectives of the Eastern Arctic Study and have been omitted from consideration. In addition, it has been a consistent policy of the federal government that political development questions may not be discussed within the context of land claims negotiations. Accordingly, political development questions concerning the structures and powers of various governments, including local and regional governments, have been considered separately in this study. It must be acknowledged, however, that ITC, in its statement of claim and related public documents and statements, has pursued establishment of particular political structures. Central to ITC goals for the political structure of the claim area is creation of a Nunavut Territory and the strengthening of local government. As of November 1982, the first of these goals is possible if land claims are settled. Thus, Inuit aspirations for influence and control over the central and eastern Arctic may be realized through both the land claims negotiations and the political process.

Finally, land claims negotiations are complex and their progress unpredictable. Accordingly, it is impossible to predict the time required to reach a settlement and to implement its provisions. Therefore, time requirements are not discussed except in the most general of terms.

In setting out the alternatives to be considered, no preference is indicated. It is not part of the mandate of the Eastern Arctic Study to promote any particular approach to land claims settlement, but rather to point to a range of reasonable possibilities and their implications for local government and the industrial development process.

The 'No Settlement' Option

It is possible to conceive of a situation in which no accord is reached between the Government of Canada and ITC. There are a number of circumstances which might lead to this result. For example, it would be possible for negotiations to break down and be formally terminated by either ITC or the federal government. Alternatively, negotiations might continue but involve prolonged discussion on various issues without any resolution. Finally, it is conceivable that there could be resolution of particular issues (for example, wildlife, communications, cultural enrichment) but not of the entire range of items subject to negotiation. If this occurred, it is likely that those areas of continuing disagreement would include industrial development, because of the contentious nature of nonrenewable resource issues.

Even if a settlement is not reached, some of the objectives of Inuit, as articulated by ITC, may be realized through other avenues. For example, it is conveivable that more emphasis on local and regional government and increased Inuit participation in industrial development may be realized other than through the claims process or division _per se_. The absence of a settlement does not preclude Inuit participation on government bodies established to deal with industrial development. The distinction between participation in the current context and possible future participation is that Inuit currently participate as individuals rather than as representatives of any particular organization.

Over the short run, various industrial development initiatives are being undertaken in the absence of claims settlement. Also, the federal government and the GNWT are undertaking various policy initiatives affecting the north.

The federal land use policy and the conclusion of exploration and development agreements between the federal government and companies are just two kinds of initiatives which may serve to establish third-party interests on land subject to ITC's claim. This could conceivably limit the range of negotiable items in the claim, in the event that a 'no settlement' alternative includes prolonged but unsuccessful negotiations. Regardless of such initiatives, the absence of a claims settlement over the long term could pose difficulties for companies as well as for Inuit, if there is no clarification of the status of disputed lands or of the rules of the game for development.

Finally, considerable disillusionment on the part of Inuit will likely result if some of their aspirations are not realized, either through land claims settlement or through political development. This might result in a general antipathy to industrial development.

A Settlement Similar to the James Bay Agreement

The agreements concluded in 1975 between the Government of Canada, the Government of Quebec and the Inuit and Cree of Northern Quebec represent the major example of comprehensive land claims settlements in Canada to date.[1] However, there are certain important differences between the circumstances surrounding the ITC negotiations and the James Bay case. Not the least of these is the major role of the Government of Quebec in the latter situation. The James Bay hydroelectric development, which prompted the claims of the Inuit and Cree of James Bay, was a Quebec government initiative. As a provincial government with control over nonrenewable resources, the Quebec government played an independent and important role in the negotiations and implementation of the James Bay agreement. Its independence contrasts with the relatively minor position of the GNWT as a member of the federal team in the ITC negotiations. Despite these and other differences, the James Bay and Northern Quebec Agreement gives some idea of what the federal government might be willing to accept.

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[1] The Government of Canada and the Committee for Original People Entitlement (COPE) concluded an Agreement-in-Principle in 1978. In revised form, the agreement is now in the process of ratification. Similarly, the status of the agreement between the Government of Canada and the Council of Yukon Indians, concluded in late 1982, is still clouded because of the objections of the Government of the Yukon and others.

In summary, the James Bay and Northern Quebec Agreement consists of a limited settlement involving land, cash compensation, and provisions concerning Inuit and Cree control over social and cultural aspects of life not related to industrial development. In return for these benefits, aboriginal title was surrendered. A number of possible features of a similar settlement for the central and eastern Arctic can be identified, including land ownership, monetary matters, and participation in industrial development.

Land Ownership

Using the James Bay agreement as a model, categories of land could be established in the central and eastern Arctic with varying levels of Inuit control and influence over the different categories. Inuit ownership would be restricted to very limited tracts of land. If the James Bay precedent were followed closely, all land subject to Inuit ownership would be in and immedintely adjacent to established communities. Subject to the standard controls imposed by the federal government on Crown lands, most of the land in ITC's claim area would therefore remain more or less open for industrial development. Even on these open lands, however, there might be some reservation of Inuit hunting, fishing, and trapping rights, as well as land withdrawn for parks and biological preserves.

Regardless of how many categories of land (e.g. in the James Bay agreement, Category 1 lands are owned outright, Category 2 lands have hunting and trapping restrictions, and Category 3 lands are standard Crown lands) might be established as a result of a claims settlement, all land would be subject to public regulation and vested third-party interests would be maintained. Public regulation of Inuit-owned lands would be carried out by local governments.

Monetary Matters

A settlement following the James Bay example would provide for a one-time lump sum payment to beneficiaries. Alternatively, such a payment might be paid in installments. One departure from the practice in James Bay which might be considered would be to include royalties from industrial development to be paid to Inuit over time. Money from the settlement, both lump sums and royalties, could be paid to individuals and/or to Inuit corporations, established to receive cash from the settlement and to manage and distribute it in a manner considered appropriate. Local governments could also be vested with responsibility for developing community infrastructure and providing services in accordance with the terms of the settlement and using some of the funds received.

Participation in Industrial Development

A settlement modelled on the James Bay agreement would provide for very little ongoing or guaranteed participation of Inuit in the planning, regulation and monitoring of industrial development in the claim area. It is doubtful whether Inuit participation would go beyond current practice. In other words, the federal government would likely continue to appoint Inuit, as individuals, to enquiries such as environmental assessment reviews. In addition, Inuit and their organizations would have the opportunity to appear along with any other interested parties at public hearings to discuss developments. Accordingly, it would appear that primary opportunities for Inuit to be involved in industrial development would be through the environmental assessment and review process and perhaps through the new land use planning process. Local involvement in this latter activity is as yet undefined.

Overall, it would seem that no significant change in the industrial development regime would emerge from this settlement. There is no reason to think that companies would be required to alter their approach to dealing with communities on industrial development matters. Similarly, the federal government would not necessarily alter its approach as a result of the settlement.

Change might, however, occur as the result of other forces. For example, recognizing the political evolution of the central and eastern Arctic, the federal and territorial governments might select members of local and regional councils to serve on public enquiries into industrial development and on planning bodies. In carrying out their role on these planning, regulating and monitoring bodies, these people would not formally be representing local or regional interests. Nonetheless, such interests would likely receive more prominent consideration. The approach has been used in James Bay.

Finally, Inuit would have ownership and control of lands in and around communities, but any existing third-party interests would remain, even on lands assigned to Inuit as the result of a settlement. In any event, it is unlikely that major mines or hydrocarbon developments would be established within community boundaries on Inuit-owned lands.

A Settlement Involving Influence over Development

Definition of the term 'influence' is difficult but necessary. We take it to mean the opportunity for claims beneficiaries to act as advocates for Inuit interests in a formal way through guaranteed participation in deliberative bodies regarding the future of the north and industrial development. It should be noted, however, that influence falls short of decision making, although decisions taken may well agree with Inuit perspectives.

Inuit influence over development could be achieved through two routes. The first route is through political development, as discussed in chapter 5. The second route, and the one of interest here, is through Inuit participation in management and/or advisory boards or other structures set up as a result of a land claims settlement. These might be set up to deal with single issues, such as wildlife or public health, or they might have more comprehensive concerns. Inuit representation on these structures might come from local and/or regional organizations or from other sources such as ITC or its affiliated associations.

The distinctive feature of these boards and other structures is that they would deal directly with the interests of claimants only. They would not replace the public decision-making process as represented by the activities of governments. It is likely that the concerns of these bodies would overlap with those of governments. For example, a board established as a result of the claim settlement to deal with wildlife management will likely consider the impact of industrial activities on wildlife, and make some decisions concerning how to deal with such impacts. Presumably, these decisions would then be conveyed to political decision-makers. They would not, however, be binding on political decision-makers, who are responsible for considering the various effects of industrial development from a broader perspective of the public interest.

Land Ownership

Land ownership in this type of settlement would be similar to the approach adopted in the James Bay model.

Monetary Matters

Again, the basics of financial terms associated with the agreement would be similar to those established in the previous alternative: a basic lump sum payment with the possibility of royalties.

The possibility also exists for special funding arrangements for management bodies set up as part of this settlement. They would presumably require monetary support for their operation. The funds for operation of these management bodies might come from general government funds or, alternatively, provision could be made to designate a portion of royalties from industrial development for this purpose.

Participation in Industrial Development

The distinctive feature of this option is that participation in the planning, regulation and monitoring of industrial development would be guaranteed under the terms of the settlement agreement. Inuit would participate in management structures and other special bodies established with functions defined under the terms of the agreement. The agreement would also presumably establish the relationship of these management structures to public bodies.

Since this settlement option provides for Inuit influence rather than control over industrial development, Inuit participation in these management structures would be in a minority role. Unlike the previous case, in which senior governments would select individual Inuit who might participate in deliberations concerning industrial development, Inuit would have responsibility to choose their own representatives for the various management structures established to deal with industrial development. In making their choices, Inuit could choose their representatives from public bodies such as local/regional governments or from Inuit organizations. They might also make their choices on an individual basis as is currently done by the federal and territorial governments.

This type of settlement might contribute to the development of more predictable approaches to considering industrial development issues. This would likely be necessitated by the establishment of the new management structures and the need to mesh their deliberations with the public process of planning, regulating and monitoring industrial development, rather than an ad hoc reactive approach.

A Settlement Involving Inuit Control over Development

In this alternative, 'control' is defined as the opportunity for claims beneficiaries to determine at least some aspects of the course of industrial development through guaranteed majority participation in management structures and deliberative bodies. The deliberative bodies involved would be established as the result of the claims negotiation process, and therefore they would be established on a private rather than a public basis.

Two options are possible for majority participation. First, Inuit could have majority participation on all deliberative bodies associated with industrial development. Alternatively, Inuit could have majority participation on selected deliberative bodies. Of these, the second option is the more likely.

Areas that could be subject to Inuit control include: wildlife; exploration and development decisions in areas immediately adjacent to communities; environmental reviews concerning areas immediately adjacent to communities; socio-economic benefit packages for specific communities; and the logistics of company dealings with communities. It is also conceivable that Inuit might be accorded power to delay major developments not immediately adjacent to communities pending further study and deliberations.

Land Ownership

Under this settlement option, Inuit would basically own the same amount of land as in the James Bay approach to settlement. The significant difference lies in the fact that Inuit would likely exercise control over more extensive areas of land, even though they may not own any more land than under other settlement options. In fact, the type of control accorded Inuit in this situation would make it unnecessary for them to have direct ownership over large tracts of land in order to control development in areas that would affect their lifestyle.

Monetary Provisions

The basic monetary provisions of this settlement might remain as a lump sum compensation payment and possibly a general royalty provision. It is conceivable that there would be provisions for funding management structures similar to those discussed in the previous section. A number of additional financial benefits might accrue. For example, if Inuit were accorded control over the negotiation of socio-economic agreements with companies, increased economic benefits for communities in the form of infrastructure and other support might result. Also, Inuit might be accorded the opportunity to negotiate new royalties on a development-by-development basis, in addition to a royalty base that might be guaranteed as part of the claims settlement.

Participation in Industrial Development

Basically, the structure of Inuit participation in the planning, regulating and monitoring of industrial development would be similar to that described in the previous case. The main change would be, of course, that Inuit would have majority, instead of minority, membership in some or all of the management structures established, which might be exercised to a greater or lesser extent at different stages of the development process. Regardless of the extent of Inuit control over the industrial development process resulting from such a settlement, the basic supremacy of the federal government in the final stages of public decision-making, as described in the previous option, would remain.

Division of the NWT would enhance the role of Inuit under such a settlement alternative since, in addition to Inuit representation arising directly from the settlement (i.e. nonpolitical), there would likely be some Inuit representation from the Nunavut territorial government (i.e. political), in addition to the federal representatives on the management bodies.

Finally, as in the case of all other settlement options identified, it is likely that vested third-party interests would be maintained if this settlement were to result. Accordingly, the longer the time before a claim settlement such as this is reached, the greater the chances are that land will be alienated and development decisions taken before settlement, thus leaving less land and fewer decisions over which Inuit control can be exercised. The pace, extent, and nature of industrial development is therefore the next issue to consider.

7. MINERAL DEVELOPMENT SCENARIOS

Northern Development Decisions

Mineral exploration is a high-risk and sequential information-gathering process, punctuated by a series of go/no-go decisions based on perceptions of costs, risks and returns. At each stage, the decision to continue exploration depends on the expectations that the returns will justify the costs and compensate for the expected level of risk as well.

The development decision also depends on an analysis of costs, risk, and expected returns. The cost factors include:

i the cost of capital;
ii infrastructure requirements;
iii development and construction costs;
iv operating costs;
v taxation;
vi costs resulting from regulatory requirements;
vii shut-down costs.

The expected returns are calculated on the basis of the reserves and grades, and the markets and prices for the product. The element of risk is introduced by the very distinct possibility of changing markets and prices, changes in taxation and regulation regimes, changes in the cost of capital, and uncertainties associated with the geological environment, such as the possibility of expanding the known reserves by further exploration.

In the NWT, the cost factors entering into the exploration and development decisions are higher than for comparable deposits located in gentler climates and closer to existing infrastructure. These higher costs are the result of a number of factors unique to the north, including:

i the short summer season, which may stretch an exploration program out to three or four times the length of time required in the south;
ii the great distances and difficult terrain that must be travelled to reach and service exploration and production facilities, and to deliver products to market;
iii the lack of nearby infrastructure, necessitating construction of airports, roads, harbours, living and recreation facilities, etc.;

iv high labour costs, due to incentive payments, subsidization of living costs, and a high rate of turnover;
v the fragile northern ecology, which requires extra care in terms of protective measures.

Since minerals are sold on world markets, and since individual Canadian producers cannot control market prices, the returns per unit of delivered product are identical, whether produced in the south near markets or in the remote north. Most of the risk factors facing northern mineral developments are similar to those encountered by developments anywhere in Canada. However, there are also specifically northern uncertainties, resulting from the development of new northern mineral, energy, and land use policies which will lead to as yet unknown regulatory structures and processes, which in turn affect costs. The ongoing process of political change and land claims settlement may affect regulatory structures as well, and may also alter the revenue distribution through changes in taxation, royalties, or equity provisions.

As a consequence of the increased costs, uniform prices, and additional uncertainties, the ultimate resource 'prize', in terms of tonnage and grade of mineral deposit or potential yield of oil and gas discoveries, must be much greater in the north than in less remote regions in order to justify proceeding with exploration and with development.

Mineral Development Potential

The potential for growth and the possible rate of growth are important considerations for the regulatory process and for all the interested parties. This chapter will look at three arbitrarily chosen points in time, 1985, 1990, and 1995, and try to predict possible minimum and maximum levels of development that might occur by these dates.

Variations within the likely range of growth rates will result from the interaction of all the factors identified above as affecting the development decisions. Most of the controlling variables are not related to the industrial development process itself. Principal among these factors is the price for mineral or petroleum products. Mineral prices in particular have fluctuated widely over the years, and the fluctuations both interfere with short-term operations and disguise long-term price trends. Prices affect the level of exploration expenditures, the rate of development of known deposits, and the rate of exploitation and the date of closure of producing mines. They can turn real reserves into waste rock and back again, simply by dropping below or rising above the unit cost of production.

Fluctuations in any of the other economic factors that enter into development decisions also affect the rate of development. These include capital and operating costs, taxation regimes, interest costs, and exchange rates. In addition, breakthroughs in technology, for example those related to northern transportation or to mining techniques in permafrost, can increase the rate of development. Political constraints or encouragement in the form of socio-economic policies, infrastructure assistance, environmental protection regulations, and policies regarding the export of resources can also affect the economics and therefore the pace of resource development. Perhaps the greatest uncertainty of all is the success rate of the exploration process itself, which ultimately depends on the mineral endowment of the region.

Given all these variables, predicting the potential rate of development, or even a range of possible development activities, seems a somewhat foolhardy endeavour. However, it is possible to indicate a range of likely rates of development which bear consideration by all parties concerned with resource development, since this includes likely upper and lower levels of activities and will help in anticipating the possible effects. Such a range is given below, with a reasonable degree of confidence for 1985, and decreasing confidence and specificity for the two later dates. Rather than deal with all the possible projects or with detailed growth rates, we will look at types of developments and the regions or communities and regions they can be expected to affect. In this way, communities and regions can anticipate the earliest possible date they can expect to feel certain types of impacts. Using the rapid growth scenarios, and extrapolating from the experience of existing operations in other regions, communities can also get an indication of the likely upper limit of such impacts, which would require the most favourable economic and political conditions.

They should also bear in mind that the lower limits may also apply, and not raise their expectations too high or overextend themselves prematurely.

1985 Development Prospects

This scenario assumes a continuation of the present economic situation, including low prices for minerals, low prices for crude oil, and relatively high capital costs. It anticipates no major political changes or technological breakthroughs, and no major economic upturns before mid-1985 at the earliest.

Oil and Gas

In the Arctic Islands, exploration will continue to 1987 under Panarctic's five-year dilling program, which calls for expenditures of $700 million and drilling of 25 wells. Development of any new discoveries and of the existing discoveries will be delayed pending development of export markets, particularly for the gas. Panarctic is seeking approval to bring out a tanker load of oil in the summer of 1985 from its Bent Horn field.

In the Hudson Bay and Davis Strait areas, oil and gas exploration will increase somewhat under the five-year drilling programs recently approved. These programs call for expenditures of $50 million and $200 million, respectively. This level of funding will involve only two wells in the Davis Strait area, where problems of weather and ice are particularly severe.

Exploration and development activities can also be expected to continue in the Beaufort region. Although the pace may not be as fast as originally anticipated by the three major proponents, development and some construction of production and shore facilities will proceed. There will be no production or transportation by 1985.

There will be no new pipeline construction before 1985 for Polar Gas, or for the line proposed by Esso to link the Beaufort area with the Norman Wells pipeline. The Arctic Pilot project has not been successful in its marketing efforts, and will not begin construction by 1985.

Minerals

Production will continue at the five mines presently in operation: Nanisivik, Polaris, Cullaton Lake, and Lupin as well as the Salmita mine, opened in 1984. Expansions are planned for Lupin and Cullaton, and should be in place by 1985.

Exploration activities will continue at a somewhat lower level, with the exception of gold. Base metal exploration will see a continuation of reduced expenditures pending improvement in the financial picture of mining companies, and uranium exploration will likely decline even further.

1990 Minimum Likely Development Prospects

Low levels of growth in industrial development can be expected in the NWT if there is a continued lack of vigour in the economy as a whole, both Canadian and world-wide, and continued depression in oil prices.

Oil and Gas

Panarctic's Bent Horn may be shipping during the summer. The Beaufort region will continue with exploration and development activities. At best, production would be on a small scale, probably using a limited number of tankers to transport oil through the Lancaster Sound route. The gas will be re-injected into the wells and stored, awaiting export markets and transportation facilities.

The Arctic Pilot Project and other Arctic Island gas prospects could still be on hold, pending the development of markets for gas and final regulatory approval. The present drilling programs in the Arctic Islands, Hudson Bay, and Davis Strait will be complete by 1987, and may be followed by similar or reduced levels of exploration. A proposal from Consolidex Gas and Oil has been submitted for a drilling program in Lancaster Sound in 1985. Development decisions will await price increases.

Most pipeline activity will be on hold, pending market improvements. The Beaufort demonstration line and the Polar Gas line will likely have entered the regulatory process.

Minerals

The Nanisivik mine could run out of reserves as early as 1990, and close. Polaris and the three present gold producers will continue to operate. Since gold mines tend to be small and can open relatively rapidly in response to favourable prices, it is difficult to predict how many more might be in operation that far in the future. However, it is possible to predict that any that do come on stream will likely be in remote locations, near Cullaton Lake or well to the south or east of Coppermine.

Exploration will continue at moderate levels, concentrating on gold and base metals in the south Keewatin and Great Slave regions and with a low level of continued uranium exploration or required assessment work in the Baker Lake area.

1990 Maximum Likely Development Prospects

A good rate of real economic growth for Canada and its principal trading partners, and an upturn in oil prices could lead to a more rapid rate of resource development in the ITC area.

Oil and Gas

Panarctic will continue with occasional shipments of oil from the Bent Horn field, and with development of its Cisco field. The Beaufort region could be following the development plan envisioned by the proponents and described in chapter 3. Production might be shipped out by pipeline and by tankers, while gas would continue to be re-injected.

The APP could enter the construction phase, and possibly even begin production. In the High Arctic area, other gas developments could be under way. In Hudson Bay, Davis Strait, and possibly Lancaster Sound, the exploration programs will be stepped up, and if results are positive the proponents will have initiated the regulatory process in anticipation of production.

Construction could be completed on Esso's demonstration pipeline from the Mackenzie Delta to Norman Wells, and possibly on the Polar Gas line as well, although Polar Gas may lag behind.

Minerals

The five present producers could continue in operation, and there could be an additional base metal producer (for example, Sulpetro's Heninga Lake deposit in the south Keewatin) as well as several new gold producers. The Lone Gull uranium deposit could be in production.

Exploration for gold will increase, particularly around the existing producers, while base metal activity will concentrate in the south Keewatin and Bathurst Inlet areas, and possibly at the Eclipse deposit near Polaris.

Uranium exploration will increase, as consumers' stockpiles are depleted, new markets open up, and as new projects now in the planning stage in Saskatchewan and Australia come on stream and their output is absorbed into the market. Further uranium development work could be in progress near Baker Lake, and possibly at Schultz Lake to the west and Amur Lake to the north.

1995 Minimum Likely Development Prospects

At this stage the predictions are well into the realm of speculation, and can only deal with extrapolations of existing trends and ignore possible breakthroughs or disasters. The low-growth scenario is pessimistic and probably unlikely, but should serve as a warning of the 'worst possible case' in planning activities. It anticipates little improvement over 1990 low-growth conditions.

Oil and gas would see continued slow growth in Beaufort oil production and probably pipelines to supplement tanker transportation.

The mineral industry would see some closures of existing producers if prices continue to be weak, and little activity in exploration, except possibly for gold.

1995 Maximum Likely Development Prospects

Oil and Gas

This high-growth scenario suggests that planners should anticipate the possiblity of full-scale production in the Beaufort, with both oil and gas production and transportation by tankers through Lancaster Sound and by pipeline. However, the centre of oil and gas activities could be shifting eastward into the ITC area. The APP could be at its increased level of gas production, adding to heavy tanker traffic in the Lancaster Sound area. The high Arctic gas fields could be producing as well, or at least be in the regulatory process. Panarctic will have its Cisco oil discovery in production, shipping at the rate of one or two tankers per month. In Hudson Bay and Davis Strait, assuming good results from exploration, the regulatory process would be well under way, along with increased exploration and some development activities. The scale of infrastructure and production facilities required would depend on the size of the discoveries and the anticipated rate of production.

The Tuktoyaktuk to Norman Wells pipeline in the western Arctic would be completed, and possibly twinned for both oil and gas. The Polar Gas pipeline would be under construction, and approaching completion.

Minerals

Long-range planning for mineral development is particularly difficult, since many of the new development opportunities by 1995 will arise from deposits which have not yet been discovered. For base metals, deposits already known to have good potential are located at Izok Lake, Hood River, and Hackett River. Nanisivik may well be closed. Gold mining would have expanded somewhat, in both the Keewatin and Great Slave regions. Uranium production is likely from the Lone Gull deposit and perhaps from other deposits in the Baker Lake area.

There is a remote possibility that improved markets for iron ore could lead to development in the Mary River area on Baffin Island and the Borealis deposits on Melville Peninsula. It is unlikely that the coal deposits on Ellesmere Island will become attractive by 1995, even with the help of new technologies in liquefaction and northern shipping.

Exploration activity would continue to concentrate in the areas of earlier discoveries and of production. Development activity is likely at Cominco's Eclipse deposit, possibly even earlier than 1995. The south Keewatin is a likely target for extensive exploration activities.

The exploration picture could of course change dramatically and in an unforeseen manner by 1995 as the result of new geological theories, discoveries, exploration techniques, or technology.

Implications of Rate of Development for Political and Settlement Alternatives

Under the present low-growth economic conditions, major oil and gas exploration programs are already under way in the ITC claim area. A transition to high-growth conditions would see an even more rapid rate of development of these prospects. For hard mineral exploration and development activities, the differences between 'boom and bust' scenarios will be much greater than for oil and gas. However, under either scenario, the overall scale of mining activities, in terms of expenditures, infrastructure and manpower requirements, and potential revenues, is much smaller than that for oil and gas. As a consequence, oil and gas activities, in terms of both economic impact and regulatory concerns, will increasingly dominate the resource development scene in the ITC claim area for the foreseeable future.

It is already apparent that the federal government intends to retain full control over oil and gas regulation and revenues. The Canada Oil and Gas Lands Administration has been created specifically to administer such developments in the north and off the east coast. Furthermore, the Honourable John Munro, in his statement of 26

November 1982,[1] was careful to state that provincial status for the territories 'is not a realistic objective in the foreseeable future and that, in keeping with its responsibilities to protect the national interest, the federal government must maintain its ownership and control over land and over nonrenewable resources in the North', thus eliminating any hopes of territorial ownership of resources or control of resource revenues.

It seems unlikely, therefore, that the economic climate and resulting rate of development will be an important variable in determining the political distribution of responsibilities for nonrenewable resource development in the ITC claim area, since the federal government is determined to retain control. Within this basic limitation, however, the rate of resource development will result in varying pressures on the planning, regulatory and monitoring system which evolves.

The claims settlement alternatives will be somewhat more sensitive to development rates, however, particularly to the rate of expansion of land-based mineral exploration and development activities. A high-growth scenario, for example, could lead to some alienation of land to mining companies before settlement, thus effectively removing control of the land and of the development activities on it from the negotiating process.

Economic Implications of Development

Mining and oil and gas exploration and production are the major economic activities in the NWT. Unfortunately, the prospects of resource development providing sufficient taxation and personal revenues to make the ITC claim area self-supporting are remote.

Resource Revenues

The federal government will continue to control taxation of northern resource developments. Although the revenue potential, particularly from oil and gas, is very large, there is no reason to suppose that the federal government plans to use these revenues to make territorial governments financially independent, or to raise the standard of living to equal that of other parts of Canada. For example, the discretionary revenue promised by Mr. Munro in his November 26 statement is intended only 'to further strengthen the territorial governments and to help them deal with the related costs of resource development. Mr Munro has also indicated that the Cabinet is not inclined to consider provincial status for the territories. Accordingly, provincial powers over nonrenewable resources will not be achieved,[2] and the territories will not have the bargaining power that, for example, Newfoundland and Nova Scotia have in negotiating revenue-sharing agreements.

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[1] Notes for an Address by the Honourable John C. Munro, Minister of Indian Affairs and Northern Development, to the Legislative Assembly of the NWT, November 26, 1982.

Consequently, we anticipate that the ITC claim area, either as part of the NWT or as a separate territory, will not acquire a significant portion of the tax revenues arising from mineral developments, or at least oil and gas development, in the region. In other words, whatever direct resource revenues the area receives will not be sufficient to ensure financial independence.

Economic Spinoff Benefits

The potential for economic spinoff benefits from oil and gas developments is substantial, relative to the present level of economic activity in the area.

The terms and conditions of the northern oil and gas drilling programs, for example, require identification of northern business opportunities. Mining developments have also been required to meet socio-economic terms and conditions that cover northern buying and contracting. Presumably such requirements will continue to be preconditions for development approvals in the NWT or in new territorial divisions.

At present there are very few commercial enterprises in the eastern or central Arctic. There are cooperatives in almost every community and the occasional small business. Coppermine has a development corporation and the Keewatin has a Chamber of Commerce; both will no doubt be alert to any opportunities that may arise. However, the extent to which economic spinoff opportunities will actually be realized depends on the entrepreneurial capability and initiative shown by the inhabitants of the region. Some assistance will be provided by the federal government, which in May

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[2] News/North, May 13, 1983.

1983 announced the establishment of a fund to be administered by DIAND and designed to assist in the promotion of entrepreneurial efforts by Inuit, Indians, and Metis.

Unfortunately, the most active period of construction for any one oil and gas project will be relatively short and intense. The chances of significant northern involvement are relatively small, particularly in the eastern Arctic where there are few established businesses. Furthermore, once the construction period for any one project is past, northern entrepreneurial skills and services that might have arisen for that project could have a long wait before another project comes along.

Mining developments, on the other hand, although they are individually much smaller than oil and gas projects, may in some ways actually offer the greatest long-term potential for economic spinoff benefits. Their smallness is more in keeping with the existing response capability of northern entrepreneurs, and they are more likely to be repeated with some regularity in other locations within the region. There are, however, serious drawbacks to heavy economic dependence on the mineral industry, with its vulnerability to price and demand cycles. The present experience of the Yukon Territory, and of many mining communities throughout Canada, provides ample evidence of this danger.

Employment Opportunities

Many of the same conclusions apply to employment opportunities arising from mineral developments. The manpower requirements for the construction phase of oil and gas projects will be extremely high for a brief period. The APP, for example, anticipates a peak demand for over 1,200 workers for a two-year period. This is far beyond the capacity of the region to provide. Furthermore, most of the positions will require skills that cannot be developed by northerners in time to be useful to this project. The operating phase will require only about 350 workers, and again, most of these positions will be skilled. However, since oil and gas developments have large cash flows, they are better able than mining developments to finance recruitment and training programs for northerners.

In balance, it seems possible that more long-term employment opportunities for northerners may arise from mining developments which, although much smaller in terms of overall revenue potential, will likely be greater in number than oil and gas developments and employ between 100 and 200 workers at each mine during the production phase, which will generally be much longer than a project construction phase.

Recent experience at Cullaton Lake and Polaris suggests that northern mining employees are particularly vulnerable to economic cycles. As economic conditions worsen in the south, turnover declines among employees who have come from the south. This means that there are fewer job openings for northerners, whose turnover rate remains high, particularly during the spring and summer.

Community Options in Resource Development

The case studies of mineral developments in the NWT that were prepared for the Eastern Arctic Study have indicated that communities in the ITC claim area may experience a variety of exposures to and relationships with resource developments. The communities may be:

i isolated - little or no contact with or effect from developments;
ii feeder communities - providing workers who commute to the project;
iii transit communities - centres of transportation, storage and services for the project;
iv nearby communities - close enough to feel some social, economic and environmental effects, but able to control access to some extent;
v base camp communities - the centre of activities for the project.

Of course, these relationships are not mutually exclusive, and in practice it may be difficult to separate some characteristics. All communities, for example, are 'feeders' to some extent, in that some inhabitants of virtually all communities in the ITC claim area commute to work on resource projects somewhere in the north. If ice-breaking transport becomes more common, moreover, many communities far from the actual site of projects will feel environmental effects from the transportation of the products.

Community choices as to what sort of relationship they would prefer to maintain with resource developments will be based on the inhabitants' values regarding lifestyles, wage employment, economic activity, political responsibility, and so on. Such choices require detailed knowledge of the expected economic, social, and environmental impacts of projects, including the expected costs and benefits to the community, to the region, to the company and possibly even to

Canada. Also required is some understanding of the expected duration and intensity of specific impacts, and of how similar projects have actually affected existing northern communities.

For the resource development projects now in existence, community/project relationships are already well established. For future projects, however, there will be opportunities for communities to exercise some choice in the kinds of relationships they will develop. Opportunities to anticipate future effects and express preferences will arise in the course of government hearings such as the Beaufort and Lancaster Sound studies, through direct consultation with communities by governments and companies, through land use planning exercises, through political channels, through new bodies established in the course of the land claims settlements, and, as a last resort, through the courts.

8. SYNTHESIS

The purpose of this chapter is to integrate material from the previous three chapters and to identify the possible combinations of political development futures and land claims alternatives. Subsequent chapters assess these possible combinations in light of their implications for industrial development.

Several parties active in the industrial development process are the focus of Eastern Arctic Study analysis: companies as proponents of development, local governments, the territorial government, and the federal government. Of these, the federal government is the most crucial in determining the future regulatory structure for industrial development. As suggested in chapters 5, 6, and 7, a crucial issue is the extent to which the federal government is willing to share its responsibilities for industrial development related to nonrenewable resources in the Northwest Territories. Federal control is likely to remain the predominant characteristic of the industrial development regime. Continuation of federal control does not, however, exclude the possibility of increasing participation in the industrial development regime by the territorial government, by local government, or by the beneficiaries of the ITC land claims. Some of the avenues for broader participation in industrial development decisions may be explored in the context of the Eastern Arctic Study. For example, the territorial government might develop its own analytical and management capabilities regarding industrial development even without having its formal responsibilities in these areas changed. To some extent, this is already occurring. Local governments are also exhibiting a trend to more concerted involvement in the face of continuing federal control. The creation of the Hudson Bay Oil and Gas Committee is a case in point.

Reflecting the present level of federal control, it was suggested in the previous chapter that the extent of industrial activity in the central and eastern Arctic will not significantly affect the distribution of responsibilities related to nonrenewable resource development. A high level of industrial development might, however, prompt the federal government to resolve other issues concerning the political development of the NWT not related to industrial development. This might be done to give residents of the north a sense of political achievement in important areas such as health and welfare and the administration of justice, at the same time that they are being subjected to intense industrial development under federal control. Conversely, an economic slowdown may relieve the pressure on the federal government to respond to the political development aspirations of northerners in a formal and extensive manner and instead contribute to a more gradual approach to change. Either scenario would likely have effects on the powers of local and regional governments, and their relations with the territorial and federal governments vis-a-vis industrial development.

These considerations suggest that the course of industrial development in the NWT is indeed intertwined with the course of political development and serves as a backdrop for the political evolution of the Eastern Arctic Study area.

The course of industrial development also serves as a backdrop for the evolution of the ITC land claim. For example, the perceived importance of northern oil and gas reserves to the national interest and the likelihood of their continuing control by the federal government puts particular limitations on what is open to negotiation in the land claims area. Until the settlement of claims, the more industrial development of any type that occurs, the more vested third-party interests will exist at the time of settlement. This has important implications for land selection, and for Inuit control and influence over industrial development. Finally, there is the issue of whether or not royalties would be included as part of the settlement. The extent of pressure for industrial development activity in the claim area might have some influence on the extent to which Inuit press for royalties as part of a settlement and on the extent to which the federal government is receptive to the idea. There might be a greater prospect of royalties being included as part of the settlement if there were strong prospects for significant development, resulting in large amounts of revenues to be shared.

Because industrial development serves as a backdrop to both political development and land claims, it can be treated as a given, albeit an important one. Accordingly, the main focus of this chapter will be on defining the interrelationships between the other two areas of interest of the Eastern Arctic Study, political development and land claims. Although the federal government has persisted in separating discussions of political development from land claims negotiations, political arrangements, both the basic orientation of the federal government towards northern development and the precise relationship between levels of government dealing with northern issues, provide the context for the negotiation and implementation of land claims settlements.

In other words, political arrangements and policies are the most important determinants of the future of the central and eastern Arctic. For that reason, the following discussion will examine a range of land claims settlements within the context of the three political development scenarios discussed in chapter 5. The range of land claims settlements considered are those discussed in chapter 6. These political developments and land claims options will now be considered together.

Before integrating the political development and land claims alternatives, several points should be reiterated concerning the original objectives of the Eastern Arctic Study.

First, it was intended to set out a range of alternatives for political development and land claims without identifying any single alternative as most desirable, but showing the implications for each, to assist interested parties in making their own evaluation using their own culture and values. Accordingly, the common evaluation technique of establishing criteria and attempting to determine the extent to which each alternative meets the various criteria has not been employed. This technique is more suitable to an evaluation which attempts to rank alternatives.

Second, it was intended to present the implications of each alternative for all of the various interested parties. However, not all parties have been routinely considered. Those thought to be most relevant under the objectives of the Eastern Arctic Study are: local and regional governments, companies engaged in industrial development, the territorial government, and the federal government. Nongovernmental organizations, although important in their own right, are not a major focus of attention.

Third, the consideration of alternatives in this study focuses only on the type of industrial development regime which might emerge, and not on the implications of each alternative for cultural development, communications, education, and so on. Although all these matters are important to claimants and to all people of the north, they are not part of the focus of the Eastern Arctic Study.

As will be recalled, the alternatives for political development and land claims settlement set out in chapters 5 and 6 are as follows.

1. Alternatives for political development:
   - status quo;
   - greater power for the territorial government;
   - federal centralization.

2. Alternatives for land claims
   - no settlement;
   - a settlement similar to the James Bay agreement;
   - a settlement with Inuit influence over development;
   - a settlement with Inuit control over development.

Combining these, the following twelve composite alternatives are considered:

1. Status quo political development and
   - no settlement;
   - a settlement similar to the James Bay agreement;
   - a settlement with Inuit influence over development;
   - a settlement with Inuit control over development.

2. Greater power for the territorial government and
   - no settlement;
   - a settlement similar to the James Bay agreement;
   - a settlement with Inuit influence over development;
   - a settlement with Inuit control over development.

3. Federal centralization and
   - no settlement;
   - a settlement similar to the James Bay agreement;
   - a settlement with Inuit influence over development;
   - a settlement with Inuit control over development.

The next three chapters will discuss and assess this range of alternatives. Each chapter will focus on one of the three courses of political development. The implications of combining each course of political development with each option for land claims settlement will be suggested. Each of the twelve alternatives will be assessed in terms of its implications for the industrial development process and the parties involved. Comments will also be made about other important possibilities for change, for example:

- the impact of division of the NWT on the implications of each alternative;
- the relationship between land claims settlement and political development in the post-settlement period;
- the implications of different levels of industrial activity on the implementation of each alternative.

Where it is warranted, some speculation is undertaken concerning the likelihood that each alternative might emerge.

9. ALTERNATIVES RELATED TO STATUS QUO POLITICAL DEVELOPMENT

Introduction

This chapter deals with the alternatives combining continuation of the status quo in the political development arena with different claims settlement options, and the implications of each alternative in the industrial development regime. The four alternatives to be considered are:

i status quo political development and no settlement;
ii status quo political development and a claims settlement similar to the James Bay and Northern Quebec Agreement;
iii status quo political development and a claims settlement with Inuit influence over development;
iv status quo political development and a claims settlement with Inuit control over development.

As indicated in chapter 5, continuation of the status quo concerning political development in the Northwest Territories would result in a fundamentally unchanged distribution of powers between the federal and territorial governments. However, this would not preclude the possibility of changes in the industrial development regime. As suggested earlier, such initiatives are occurring at present: for example, implementation of the federal land use planning policy; implementation of the devolution policy of the Government of the Northwest Territories; and establishment of regional structures, on the initiative of local governments, in different parts of the NWT. Despite these and other changes, the federal government would continue to dominate the planning, regulation, and monitoring of industrial development.

This course of political development in the NWT could theoretically be accompanied by any of the four claims settlement options listed above. Each of the combinations discussed will be described briefly. In exploring the implications of each for the industrial development regime, some illustrative examples will be given. It should be noted that these are intended as broad and illustrative examples only, not as a definitive description of the industrial development regime which might emerge.

Status Quo Political Development and No Land Claims Settlement

Under this option, the current industrial regime would basically continue as described in chapter 3, likely with some modifications of an evolutionary nature: for example, implementation of the federal government's previously announced land use planning policy in the NWT. There would, however, be no alienation of land or Inuit compensation policies stemming from a claims settlement.

Implications

The current system of industrial development in the NWT was described in chapter 4 as extremely complex and fragmented. It was also suggested that it is inadequately attuned to the needs of northerners and is not well understood by them.

It can be suggested that recent initiatives of both the federal and territorial governments, such as the federal land use planning policy and the territorial government's resource development policy, represent efforts to make the process of industrial development in the NWT more predictable and consistent from development to development. However, because they are so recent, it is premature to judge the extent to which such initiatives will improve the general coordination of planning, regulation, and monitoring of industrial development. Also, the nature of community involvement in the implementation of both initiatives cannot yet be evaluated in the context of past criticisms of the community consultation process.

Perhaps the most striking feature of most of the recent initiatives of the federal and territorial governments is that they represent additions to the industrial development regime, rather than an attempted rationalization brought about by eliminating some of the regime's components. Accordingly, because this particular option represents the least-change scenario, it is suggested that the observations about the current system of industrial development set out in chapter 4 would generally apply to this alternative.

There is no prospect for the people of the central and eastern Arctic to increase their political influence on the industrial development process through division of the NWT under this alternative, because, according to the 26 November 1982 announcement there can be no division without settlement of all outstanding comprehensive land claims in the Territories. However, the announcement itself gives increased incentive for settlement, making it unlikely that this alternative will prevail for the long term. Within the limitations set out by the Minister (such as retention of federal government ownership and control over land and nonrenewable resources in the north, and the retention of territorial status for whatever governments are created in the NWT), it appears that the federal government intends to resolve both land claims and certain basic political development issues concerning Canada's north.

However, a 'no settlement' situation could still prevail for a considerable period of time, prolonging the current aura of uncertainty about the course of industrial development in the north. As suggested in chapters 3 and 4, this situation might further confuse the expectations of different parties in the industrial development process. Specifically, it could create frictions in company/community relations and community/central government relations, and lead to difficulties similar to those noted in the Baker Lake and Nanisivik case studies. Finally, if land claims are settled later rather than sooner, vested third-party interests on land in ITC's claim area may be more extensive than at present.

In summary, if political development initiatives and land claims settlement are delayed over the long term, the difficulties associated with the current industrial development regime, as described in chapter 4, will be prolonged or exacerbated, particularly if there is an increase in the intensity of industrial development activities.

Status Quo Political Development and a Settlement Similar to the James Bay and Northern Quebec Settlement

This option combines the maintenance of the existing formal distribution of powers between the federal and territorial governments with a land and cash claims settlement. The implications for industrial development of such a settlement are important, but obviously not as extensive as settlement options which include Inuit control or influence. A settlement modelled on the James Bay agreement would establish categories of land with diminishing claimant influence as the categories progress. Inuit ownership would extend to limited tracts of land in and immediately adjacent to communities. All lands, whether owned by Inuit or other parties, would be subject to public regulation, and vested third-party interests would be maintained.

The settlement would provide for a one-time lump sum payment to beneficiaries as compensation for the surrender of aboriginal title. One possible departure from the James

Bay model might be to include the provision of royalties for Inuit in addition to lump sum compensation.

The focus of attention in a settlement modelled on the James Bay agreement would be the establishment of mechanisms for Inuit control over social and cultural aspects of life. In addition, Inuit would likely continue to participate in the industrial development regime in much the same way as they do now. For example, communities with a predominantly Inuit population, as well as Inuit organizations, might still make representations to environmental assessment review panels or other federal and/or territorial management or advisory bodies dealing with industrial development issues. Individual Inuit might be selected by governments, including local governments, to represent the public interest as members of such panels and advisory or management boards. In this context, Inuit participants would not be there as claim beneficiaries but as individuals or as members of publicly-elected local or regional governments. To be sure, beneficiaries would have more power over those lands directly assigned to Inuit ownership as the result of the settlement.

Implications

This option has implications for all parties interested and involved in industrial development in the north. The powers of the federal government would not be altered in any significant way. It is likely that the federal government would pursue its current initiatives to standardize the industrial development process, with continuing reliance on advisory bodies and on the involvement of representatives of the territorial government and the public in the north to represent northern interests on such bodies. A land claims settlement modelled on the James Bay agreement would not result in the creation of any structures to deal specifically with industrial development. Thus any Inuit participation in industrial development would be through the political decision-making process rather than through the claim settlement.

The territorial government would also experience no change in its formal powers related to industrial development. With division, continuation of the current formal distribution of federal/territorial powers would mean that a new territorial government with jurisdiction over the central and eastern Arctic would have the same responsibilities related to industrial development and the same extent of participation in federal management and advisory bodies as the current Government of the Northwest Territories.

From the standpoint of local government, this option would not give communities any authority over industrial development, other than with respect to lands subject to Inuit ownership as a result of the settlement. These lands would not likely have any significant mineral developments, with the possible exception of quarries or gravel pits.

The main implication of local government control over alienated lands would be with respect to the establishment of base camps and other infrastructure for industrial developments in the vicinity. Under this form of settlement, for example, a community such as Tuktoyaktuk which has extensive base camp facilities with corresponding demands on local infrastructure would have more formal power over the use of lands in the community for such facilities.

Pairing the current formal distribution of powers between the federal and territorial governments with a land claims settlement modelled on the James Bay agreement would not result in any formal representation by communities in the industrial development process. Local governments would continue to have the opportunity to make representations at public hearings of environmental review assessment panels and other advisory and management bodies set up by the federal and territorial governments. However, they would not have formal status different from any other public interest group.

If the original James Bay model is modified to include provision for royalties from development in an ITC settlement, all or a portion of those royalties might be assigned to local governments by claimants. If this were the case, local governments might be charged with the responsibility of using those royalties to improve community infrastructure such as water, sewage, educational and cultural services, and also for the creation of other amenities. It is likely that any improvement in community infrastructure paid for by royalties would improve both the receptiveness of Inuit people to the prospect of industrial development and also the physical preparedness of the community to accept such development. The demands on community infrastructure resulting from the local impact of nearby industrial development as observed, for example, in the communities of Tuktoyaktuk and Inuvik in the Beaufort case, and Resolute in the Polaris case, suggest the benefits of working out some financial compensation.

In this scenario, there would seem to be little requirement for companies to change their method of operations or consultation. The formal distribution of responsibility for the development regime would remain as at present. Accordingly, company dealings with communities, which most companies now view as a requirement for success in the regulatory process, will continue much as they are now. Settlement of the ITC land claim using the James Bay model (or any other model) would also serve to clear the air and provide companies with a basic idea of what the future holds, reducing their uncertainties and facilitating economic evaluations. At the same time, a settlement which included provision for royalty payments to claimants while involving a cost to the companies might promote development by improving both Inuit receptiveness towards the development and the ability of communities to cope with development pressures.

Resolution of ITC's land claim would help to pave the way for division of the Northwest Territories. Such division, if accompanied by continuation of the current distribution of responsibilities between the federal and territorial governments, would result in the creation of a new territory with, at best, the same powers as the current GNWT. Accordingly, the formal participation of a new territorial government in the industrial development process would be similar to that of the GNWT at present. Nonetheless, the Inuit majority in a Nunavut Legislative Assembly would mean greater opportunity for Inuit of the area to express their views to the federal government via their territorial government as it participated in the industrial development process.

The rate of industrial development is more likely to influence than to be influenced by a James Bay type of settlement. Because its terms would relate mostly to the social and cultural aspirations of the Inuit people, a settlement based on the James Bay approach would not result in any barriers to industrial development in and of itself, and the industrial development regime would not be significantly different from the present one in terms of its ability to deal with rapid expansion. If, on the other hand, there were suddenly great pressure for development during the claim negotiations, it is conceivable that it could result in pressure on the negotiators, as in the case of the James Bay negotiations, and that this type of land claims settlement could emerge. As will be recalled, it was the strong desire of the Quebec government to develop the James Bay hydro-electric project which prompted the intensive and relatively speedy negotiations preceding the James Bay settlement.

As the only comprehensive land claims settlement concluded to date between the federal government and a claimant group, the James Bay agreement does represent a precedent for the federal government to follow. However, the terms of that agreement may not present the outer limits of the federal position. ITC negotiations concerning wildlife, for example, indicate that the federal government may be willing to give Inuit of the central and eastern Arctic more direct participation in the management of certain matters than was granted in the James Bay case. However, the extent to which one can generalize or extrapolate from the wildlife case is yet to be seen.

ITC public documents and statements concerning land claims call for responsibilities which go beyond those granted in the James Bay settlement. However, this type of settlement might conceiveably be looked upon favourably by ITC if it were perceived as a step toward division and therefore towards obtaining greater responsibilities within a Nunavut Territory and through the political system.

Division following settlement under this option could lead to some changes in the industrial development regime through the political process. It is likely that in the post-settlement period Inuit of the central and eastern Arctic would press for some basic changes in the distribution of powers between the federal and territorial governments. The extent to which these changes occur over the short and long term will depend, in part, on whether or not division occurs. If division does occur, a period of adjustment may be required to establish the new government on a footing similar to that of the current Government of Northwest Territories. Accordingly, any assignment to the territorial government of political power over industrial development matters may be somewhat delayed.

If division does not occur in the short term, it is possible that Inuit of the central and eastern Arctic would become increasingly strident in pressing their political demands through the existing Government of the Northwest Territories. Their success or failure would depend to some extent on the receptiveness of other residents of the NWT to Inuit views. In this situation, it is also likely that Inuit would focus increasingly on local governments to establish direct relationships with the federal government on industrial development matters. Thus the precedent set by the Hudson Bay Oil and Gas Committee, and by the subsequent request of the Beaufort Sea Community Advisory Committee for federal funding might well begin a trend.

Status Quo Political Development and a Settlement with Inuit Influence over Industrial Development

Under this option the existing formal distribution of powers between the federal and territorial governments would remain. The key element of change affecting the industrial development regime in the north would emanate from the land claim settlement.

As in the James Bay case, a settlement involving Inuit influence over industrial development would have financial terms and conditions related to provision of compensation for Inuit in return for surrender of aboriginal title to extensive territory. This compensation could be either a lump sum payment, or a lump sum payment combined with royalty provisions with respect to future industrial development in the claim area.

The provisions relating to land might provide for Inuit ownership of very limited lands, as in the James Bay model, or of more extensive lands. The provision of more extensive lands for Inuit ownership would increase the potential for Inuit control over industrial development, although vested third-party interests would be preserved, and all land would continue to be subject to public regulation. Some regulatory authority for lands held by Inuit might be assigned to local governments. The magnitude of this responsibility would depend both on the type of regulatory authority assigned and on the extent and nature of lands involved.

The distinguishing feature of this type of claim settlement is that it would include a specific focus on industrial development, through the establishment of formal management and advisory bodies to deal with industrial development matters. Since they would be established through the land claims negotiation process rather than through the political development process, such bodies would be considered to be outside the political structure. Their decisions would be in the nature of recommendations, since any final decisions with respect to the planning, regulation, and monitoring of industrial development would still reside in the political arena. Bodies set up as a result of the claims settlement would have delegated authority from the minister or ministers responsible for those decisions at the political level.

A distinction should be drawn between the function of advisory bodies and management bodies set up in this type of settlement. Advisory bodies might be established to advise the minister or ministers responsible for various aspects of industrial development in the north with respect to the planning, regulation, and monitoring of that development. The minister or ministers involved would use the advice tendered by these bodies on a discretionary basis, either accepting or rejecting it in the course of political decision-making. Management bodies, on the other hand, might be given formal responsibility for setting the terms and conditions of development. Any responsibilities in those areas would likely be subject to either ministerial approval or ministerial appeal. A second function of management bodies established under this type of land claim settlement might be to ensure that the terms and conditions established for development are met. In this regard, they would act as monitoring and regulatory bodies.

The emphasis of this particular land claim settlement would be to accord to the claimants formal influence on the deliberations of advisory and/or management bodies dealing with industrial development. It may be recalled that such influence was defined in chapter 6 as guaranteed minority participation for Inuit beneficiaries in deliberative bodies regarding the future of the north and industrial development. Inuit representation on such management and advisory boards might come from local or regional governments or from other sources such as Hunters and Trappers Associations and native organizations.

Implications

Decision-making concerning industrial development would become more centralized under this alternative with certain matters being designated for Inuit attention. Possible areas of responsibility for advisory and management bodies resulting from the land claims settlement are wildlife, socio-economic benefits from development, the management of aggregates, and the management of water resources, to name but a few. The precise impact of this alternative on industrial development depends on what areas are subject to management or advisory boards. For example, a management board with responsibilities related to communication would likely have less of an impact on industrial development than a board with responsibilities related to the management of wildlife or water resources.

Management or advisory boards might have either specific or more generalized responsibilities related to development, and might be either ad hoc or ongoing. These differences would be significant in themselves because, for example, both Inuit and government representatives might be expected to have more commitment to bodies with continuing responsibilities, while at the same time industry would likely be better able to anticipate the requirements of permanent bodies.

In general, it is likely that Inuit attitudes toward industrial development under this regime would depend on the extent to which their management and advisory structures actually affect political decisions. If they have no impact, it is conceivable that relations between Inuit and the federal and territorial governments (and, to some extent, companies) would deteriorate. On the other hand, if Inuit thought that their influence was having some effect upon political decisions, they would be more likely to consider each industrial development proposal on its own merits and in the context of the specific costs and benefits that it would bring. This would be particularly true if royalty payments accompanied industrial development.

The relationship between management and advisory structures and political structures would obviously be crucial in the post-settlement period. Under this option, in spite of the nominal status quo in the basic distribution of responsibilities, establishment of advisory or management structures through the claim might affect the relationship between the federal and territorial governments. The direction of this effect would depend in part on the extent to which the territorial government was a participant in structures set up as a result of the claim, and on the extent to which the territorial government saw these bodies as encroaching upon areas where it is seeking political power. The attitude of the territorial government towards these management or advisory structures might also affect its relationship with local governments and other representatives of claimants who might sit on these deliberative bodies.

The actual distribution of membership among governments and representatives of claimants might vary from structure to structure under this alternative; however, it is likely that the federal government would retain control of at least half the seats on any one body. The remainder could be divided among the territorial government, local government, and other representatives of claimants such as ITC or regional Inuit associations.

This option would have significant impacts on local government. First, depending on the extent of land ownership granted under a settlement, local governments could have significantly increased geographical jurisdiction. Second, the monetary provisions of the settlement might provide local governments with funds for infrastructure development. However, perhaps the most important potential impact of this option on local government depends upon the extent to which local government is designated as the source of claimant representation on the various management and advisory bodies established as a result of the claim. Even though basic political arrangements would remain the same, local governments could become a very active and powerful force in deliberations concerning industrial development. Under this option, for example, local governments might be a source of claimant representation on management and advisory bodies; have responsibility for public regulation of Inuit-owned lands; and be responsible for that portion of the financial payment resulting from the settlement for local betterment.

Under this scenario, companies would have additional incentive to deal directly with local governments and Inuit organizations in order to persuade them of the merits of specific developments. While settlement of the claim in this manner would, as in the case of any settlement, clarify the rules of the game for companies, it could also result in greater delays in the industrial development approval process because of the two-level character of process. In this situation both the advisory structures and the political decision-makers would have to be briefed and carry out their deliberations.

If there is a high level of industrial development activity in the post-settlement period, the structures set up under the settlement would become very busy. Duplication of deliberations at the management/advisory level and at the political level could aggravate delays in the industrial development regime. On the other hand, a more steadily paced or lower level of industrial development might permit the establishment of efficient working relationships with the new management and advisory structures. A low level of development activity might result in Inuit placing more emphasis on structures for matters such as cultural development, communications, and political development, rather than on those structures related to industrial development.

If division occurred along with this scenario, the extent of Inuit influence over industrial development would probably be greater than suggested above, since the territorial government for the central and eastern Arctic would be predominantly Inuit. Accordingly, if the territorial government were accorded any representation on management and advisory structures established as a result of the claim, there would be even greater potential for Inuit influence on those structures. Even if the territorial government were not accorded significant representation, division would still result in a stronger voice for Inuit people of the central and eastern Arctic at the political level, as discussions continue with the federal government concerning the political evolution of the area. Presumably, a Nunavut government would speak out on industrial development issues regardless of its formal responsibilities, as does the present Government of the Northwest Territories.

Ultimately, the federal government might see this approach to claims settlement and political development as satisfactory. It accords influence to Inuit over development matters but does not bind the federal government nor change the basic distribution of powers with respect to industrial development. Creation of management or advisory structures with minority Inuit representation as a result of the settlement might be seen by the federal government as a method of dealing with criticisms of Inuit and others that it has made decisions about the industrial development of the north on a unilateral basis.

For Inuit this approach represents a step beyond the James Bay model and gives them a forum for articulating Inuit views with respect to industrial development.[1] As in the previous alternative, it meets one of the pre-conditions for division, thereby potentially giving Inuit of the central and eastern Arctic a more powerful political voice at the territorial level. Over the long term, Inuit might seek even greater political influence over industrial development, once they have built a foundation of experience through management and advisory structures.

Status Quo Political Development and a Settlement with Inuit Control over Industrial Development

The basic elements of this alternative are similar to the one discussed above:

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[1] It should be noted that the Kativik Environmental Quality Commission was established in northern Quebec subsequent to the James Bay and Northern Quebec Agreement. This commission provides advice to the Quebec Minister of the Environment concerning the environmental and socio-economic conditions for the development of mines, airstrips, municipal dumps and other infrastructures. Inuit representatives comprise a significant minority of the commission's membership.

- continuation of the basic distribution of responsibilities between the federal and territorial government;
- a land claim settlement which involves the assignment of certain lands for Inuit ownership;
- a land claim settlement which involves monetary compensation;
- a land claim settlement involving the establishment of management or advisory structures which parallel the political structures, to deal with particular aspects of industrial development.

The key distinction between this option and the previous one is that Inuit would be accorded formal control over advisory and management bodies set up as a result of the claim through majority Inuit membership. Thus, Inuit claimants would be in a position to set the tone and content of advice going to political decision-makers through advisory bodies. They would also likely set certain conditions on industrial development and have the authority and responsibility to see that those conditions were met.

Inuit would still not decide whether development would in fact occur. Such decisions would rest with companies pursuing particular developments and would be made primarily on economic grounds. For its part, the federal government would retain the power to veto individual development proposals or attach conditions to development. The extent of actual control exercised by management bodies established as a result of the claim over various sectors would depend on the extent of delegation of authority from the political level. It is likely that there would be a forum for appeal concerning the actions of management bodies established as a result of the claim.

Implications

Inuit control over advisory or management structures dealing with industrial development suggests numerous possibilities in terms of the relationship between Inuit and the federal and territorial governments and companies. For example, if the decisions of Inuit-controlled management and advisory bodies are consistently over-ridden by decision-makers at the political level, considerable tension would likely result which could sour Inuit attitudes toward industrial development. On the other hand, Inuit control over these bodies might give claimants a greater stake in industrial development and prompt more effort by Inuit and other parties to seek consensus on development issues.

From the federal perspective, greater attention might be given to the views of Inuit should they be given control over management and advisory structures. The territorial government, on the other hand, could become a greater focus of attention from Inuit as they become more accustomed to wielding power in the advisory and management areas and seek greater political power. Also, the territorial government may be solicited as a political advocate, should the federal government choose to ignore the conditions and approaches suggested by Inuit as they carry out their work on advisory and management structures. This would be most likely should division occur.

The implications of this alternative for local government are similar to those for a settlement with Inuit influence. However, local governments are likely to experience more involvement and, potentially, a more powerful role as a result of Inuit control over management and advisory structures. Furthermore, under this alternative, Inuit-controlled management and advisory bodies might have some jurisdiction over lands beyond those alienated as a result of the settlement. Local government representation on these structures might therefore increase the extent of geographic control and influence of local government.

Regardless of the nature of relations between management and advisory structures, the industrial development regime established under this scenario will be multi-faceted, potentially confusing and time consuming. It is very likely that companies would expend considerable effort in relating their plans and proposals to communities in an attempt to win approval. If, for whatever reason, there is significant disagreement between Inuit-controlled advisory and management bodies and political decision-makers over development, companies could find themselves caught in the middle. They might have the basic approval required to proceed with development but not have the support of local residents. This would make the actual process of development more difficult, because community interest and cooperation generally facilitate industrial development efforts.

The result of division under this alternative would be a territorial government for the central and eastern Arctic that would be a stronger advocate for Inuit interests in public discussions but would not have greater powers than the current territorial government. The extent of agreement between Inuit-controlled advisory and management bodies and political decision-making at the federal level will have some bearing on the extent to which the territorial government is seen as important by Inuit in the post-division period. If management and advisory bodies are very successful from the Inuit perspective, the territorial government may become more of a focus for Inuit activity in matters not related to industrial development. Conversely, if Inuit do not see control of the management and advisory system as successful, they might focus more attention on discussion of industrial development issues by the territorial assembly.

Although the shift from Inuit influence to Inuit control over management and advisory structures represents only a difference in degree of Inuit involvement, such a scenario can be considered much less likely. The reason for this is the imbalance that would result from the maintenance of the status quo at the political level combined with the significant changes resulting from this type of land claims settlement. It is difficult to conceive of the federal government granting control of such advisory and management functions concerning industrial development without making some similarly significant changes at the political level. The political changes that would most likely accompany this type of Inuit control could be of two markedly different types: either more responsibilities concerning industrial development could be given to the territorial government, or the federal government could centralize political control to a greater extent than at present. The implications of each of these shifts in political emphasis will be explored in subsequent chapters.

10. ALTERNATIVES RELATED TO GREATER POWER FOR THE TERRITORIAL GOVERNMENT

Introduction

This chapter deals with alternatives combining greater political power for the territorial government with different land claims settlement options. The alternatives discussed are:

- i greater power for the territorial government and no settlement;
- ii greater power for the territorial government and a settlement modelled on the James Bay and Northern Quebec Agreement;
- iii greater power for the territorial government and a settlement involving Inuit influence concerning development;
- iv greater power for the territorial government and a settlement involving Inuit control over development.

As discussed in chapter 5, political development involving greater power for a territorial government is distinguished by the transfer of certain responsibilities from the federal government to the territorial level. These responsibilities could relate to socio-economic matters, renewable resource development, and/or nonrenewable resource development. If division occurs, it is conceivable that a different set of responsibilities could be allocated to a new territorial government than those presently assigned to the GNWT. Regardless of its particular responsibilities, a government representing Inuit of the central and eastern Arctic would likely have different priorities from a territorial government established in the western Arctic or the current Government of the Northwest Territories. For example, it might place a different emphasis on local or regional governments being involved in industrial development matters. In any event, the course of political change would likely be significant enough to have an effect on the nature of a land claims settlement and the approach to industrial development in the post-settlement era. It remains to link this course of political development with the different options for claims settlement.

Greater Power for the Territorial Government and No Settlement

The general focus of this option is on the enhancement of the political and administrative role of the existing Government of the Northwest Territories. This option deals exclusively with the future role of the existing GNWT, and not with division because of the pre-condition that land claims be settled before division occurs.

Depending on the areas in which the powers or role of the GNWT are enhanced, its formal role in the industrial development process would vary. For example: if the GNWT were accorded enhanced powers with respect to socio-economic concerns, it might then be required to provide more educational and social services related to industrial development; it might become more fully involved in occupational training and job placement than at present; it might also assume a greater role in the occupational health and safety field. Such services would be important both to the residents of the GNWT and to the proponents of industrial development, as they seek to ameliorate potential negative impacts of industrial development activities and accentuate the positive benefits.

It must be noted, however, that increased GNWT activities in the socio-economic area would not in themselves increase the GNWT's participation in basic decisions about industrial development, such as whether or not to permit industrial development activities to proceed.

A greater role for the GNWT in the renewable resource sector would perhaps imply a greater role in certain aspects of planning, regulation, and monitoring related to industrial development. For example, the GNWT might be accorded increased responsibility for assessment of the impact of industrial development on wildlife. As in the case of socio-economic matters, however, basic decision-making authority could still remain at the federal level. The federal government might also provide for formal representation of the GNWT on environmental assessment review panels and on the proposed Territorial Land Use Commission and other deliberative bodies. Such participation in deliberations specifically related to nonrenewable resource development might be seen as representing the greatest gain for the territorial government with respect to industrial development activity.

Adoption of this approach has some significant implications for the federal government. It would be at the federal government's discretion which responsibilities were devolved to the GNWT. The federal government might use this discretion as one way of dealing with some of the political aspirations of the people of the Northwest Territories. It is important to note no settlement means no division, which in turn means that the aspiration of the people in the central and eastern Arctic for a new territory would not be met.

In any event, the key issue for the federal government would be to determine specific areas in which the role of the GNWT might be enhanced. Two approaches might be distinguished: the federal government might accord specific responsibilities to the GNWT in the socio-economic, renewable resource, or nonrenewable resource sectors, or it might enhance the GNWT's status as an independent participant in various aspects of the industrial development process, without transferring formal responsibility for the provision of specific services or other undertakings. For example, the GNWT might be invited to name a specified number of members to environmental assessment review panels dealing with the NWT and its surrounding waters. These two approaches are not mutually exclusive: the devolution of particular powers to the GNWT could be combined with enhanced status on deliberative bodies.

It is conceivable that the distribution of responsibilities between the federal government and the GNWT could be quite clear. For example, the federal government might retain basic responsibility for planning and regulation of industrial development while the GNWT assumes basic responsibility for monitoring the impact of industrial development. It is equally possible that the division of powers and responsibilities might be even more complex than at present and fail to deal with the need for clarity in the development process.

Implications

Regardless of the precise nature of its enhanced powers or role, with this option the GNWT would be faced with responsibility for planning and providing services in areas in which it has little or no experience. This represents a formidable political and administrative challenge. In addition, because division is an impossibility under this option and because division is seen as such a prominent political issue in the NWT today, the GNWT will be under considerable pressure to respond with sensitivity to the differing interests of the people of the central and eastern Arctic and those of the western Arctic.

One approach which the GNWT might adopt to deal with such a situation is to involve local governments in the exercise of the territorial government's responsibilities more than at present. This might take the form of enhanced local consultation, or the actual devolution of powers to the local or regional level. Even without a land claims settlement, Inuit could participate in management or advisory bodies set up by the territorial government. Also, the territorial government could adopt the practice of nominating Inuit from the central and eastern Arctic as its representatives on federally-controlled planning and regulatory bodies dealing with development in that region.

Thus, even in the absence of a land claims settlement, this option presents some potential for Inuit of the central and eastern Arctic and for their local governments to have increased powers and an increased role related to some aspects of the industrial development process. The important questions which remain concern the precise areas in which the territorial government might be accorded enhanced status, and the predisposition of the territorial government to involve local and regional governments and other local organizations in its new activities.

One area in which there is unlikely to be any change is in the ownership of land. Certainly, since no land claims settlement is involved there will be no assignment of lands to Inuit land claimants.

From the standpoint of companies, much depends on the nature of the new distribution of responsibilities between the federal and territorial governments. If the distribution of responsibilities changes significantly and if complex structures are set up by either the GNWT or the federal government, there will likely be a period of uncertainty for companies about the nature of the industrial development regime and its implications for their activities. Such a period of uncertainty was observable, for example, when the federal government set up COGLA. This uncertainty might extend to the nature of dealings between companies and communities.

Alternatively, it is conceivable that the distribution of responsibilities between the federal government and the GNWT could be clear. An effort to achieve clarity might minimize the difficulties of establishing the new regime and help achieve the desired relationship between the federal and territorial governments, companies, and communities.

The absence of a land claims settlement could result either from a formal breakdown of negotiations between ITC and the federal government, or from failure to reach an agreement even though negotiations continue. If negotiations continue for an extended period without an agreement being reached, several issues will still cloud the industrial development process. These include: whether or not division will eventually occur; the disposition of third-party interests; and the issue of access to land in ITC's land claim area in the future. A high level of industrial development activity would make resolution of these issues all the more pressing.

It is difficult to assess the likelihood of this option. On the one hand, as stated previously, assignment of increased powers and responsibilities to the territorial government represents one way for the federal government to meet some of the aspirations of the people of the north. On the other hand, both ITC and the federal government remain committed to the settlement of land claims, and creation of a precondition that land claims be settled before division occurs provides an additional impetus.

Regardless of whether or not a settlement occurs, it is conceivable that the federal government would be quite selective in the powers and responsibilities it passes on to the territorial government under this option. It would seem unlikely that the federal government would relinquish significant powers concerning industrial development; more likely would be a federal transfer of responsibilities in areas tangential to industrial development, such as water, wildlife management, education, and health and safety.

Greater Powers for the Territorial Government and a Claim Settlement Similar to the James Bay Agreement

As stated previously, the relevant features of the settlement similar to the James Bay agreement are:

- the establishment of Inuit ownership over very limited tracts of land;
- lump sum compensation for beneficiaries of the claim;
- the establishment of mechanisms through the land claims agreement for Inuit control over cultural and social aspects of life not related to industrial development.

Under this option, no structures regarding industrial development would be established under the land claims settlement. The possibility does exist, however, that changes in the industrial development regime would come about as a result of political development: specifically, through enhancement of the power of the territorial government. The federal and territorial governments might set up new management or advisory boards to reflect the new distribution of political power, which would thereby affect the industrial development regime through deliberations concerning socio-economic, renewable resource and/or nonrenewable resource matters. The emphasis placed by the federal government on enhancing the powers of the territorial government in each of these three areas would have a significant effect on the industrial development regime. As suggested in the previous case, the federal government would be most likely to accord formal powers to the territorial government in these areas which are tangential to basic industrial development decisions. The federal government might also accord the territorial government an independent role on various federally-controlled deliberative bodies, thereby increasing the influence exercised by the territorial government in additional areas.

Local and regional governments might receive more responsibilities in matters related both directly and indirectly to industrial development. If division occurred, Inuit interests would presumably be expressed more prominently within their territorial government than is presently the case. Accordingly, although the land claims settlement itself would not result in enhanced Inuit influence or control over industrial development (except on the limited lands selected for Inuit ownership as a result of the settlement), they would be expected to have more influence through the political process.

With or without division, the existence of a land claims settlement would clear the air from the perspective of companies. What would remain in doubt, at least during the initial stages of political change, would be the nature of structures established by the federal and territorial governments to deal with industrial development in the context of the new distribution of powers between them. Shifts in political responsibilites and roles might also affect the way companies deal with local and regional governments.

For both companies and claimants, the key feature of this option is that opportunities for expression of Inuit interests concerning industrial development would occur at the political level, and not as a result of land claims settlement.

Greater Power for the Territorial Government and a Settlement Involving Inuit Influence over Industrial Development

This option is characterized by growth in the responsibilities of the territorial government as a result of the transfer of political and administrative responsibilities from the federal to the territorial level. Simultaneously, but stemming from a land claims settlement, management or advisory structures to deal with industrial development matters would be established. These would be similar to the structures described in the third option set out in chapter 9.

It may be recalled that these management and advisory structures have a number of important characteristics. First, having been established through the land claims negotiation process rather than through the political development process, they would be considered to be outside the political realm. Hence, their actions would be subject to review at the political level. Second, Inuit membership on these bodies could come from a variety of sources, such as local governments and other Inuit organizations. Third, under this type of settlement, Inuit would be accorded minority representation on these structures.

Another important component of this option relates to the disposition of land. It is possible that different categories of land might be established, with lands in and adjacent to existing communities being assigned to Inuit claimants on a fee simple basis; in addition, Inuit would acquire some influence over all lands in the claims territory, through the establishment of management and advisory bodies related to industrial development concerns. With a new distribution of powers and changed roles between the federal and territorial governments, the potential for Inuit involvement in discussions concerning land at the political level might also increase. For example, the territorial government might formally involve local governments in planning and regulatory bodies dealing with land use matters. Regardless of whether consideration of land use issues is undertaken at the political level or through management or advisory structures set up as a result of the claims process, it is likely that there would be more deliberative bodies involved in consideration of these issues and that Inuit would have greater participation in both types of body.

Implications

From the federal perspective, this option might be considered to be an effective method of responding to both the political aspirations of the territorial government and the desire of Inuit to exert some influence over the development process, while retaining basic federal government control over industrial development. This suggestion assumes that powers transferred to the territorial level would be only tangentially related to industrial development, and that the management and advisory structures set up as a result of the land claims settlement would be subservient to the political decision-making process.

Under this option, if division occurs, it would provide Inuit with considerable opportunity to influence the course of industrial development. To the extent that powers related to industrial development are devolved to the new territorial government, Inuit would have more power in the political realm to bolster their influence on any management and advisory bodies gained through the land claims settlement.

As mentioned previously, local governments provide one source of possible Inuit membership on advisory and management bodies established as a result of the claims settlement. From the political development perspective, the extent to which local or regional governments would participate in the exercise of powers and responsibilities newly assigned to the territorial level depends on the predisposition of the territorial government to involve them. If local governments are assigned responsibility for planning and disposition of alienated lands as the result of the land claims settlement, there would be all the more reason for the territorial government and also the federal government to involve them at the political level. As a result, under this option, communities may find themselves involved in many more deliberative structures and processes related to industrial development, particularly if division follows.

For companies, this option represents a more decentralized industrial development regime. Any company dealings with advisory or management structures established as a result of the claim would be in addition to their deliberations with existing or new political bodies. This would increase the time and effort required to deal with the industrial development process.

Under this option, it is likely that a number of new organizations will emerge both in the political arena and as a result of the claims settlement. Those organizations with responsibilities related to industrial development might be either ad hoc or permanent in nature; however, it should be noted that the use of ad hoc bodies to implement the transfer of political responsibility and the terms of the claim will increase the uncertainties associated with the industrial development process, and result in a regime which is more fragmented than one in which permanent bodies deal with particular issues on a regular basis.

A rapid pace of industrial development, especially in the early stages of implementation of this option, would put a great deal of stress on newly-established organizations. This stress might be offset, to some extent, by a greater interest in development on the part of Inuit if they view themselves as being accorded a larger role in the industrial development regime. However, if Inuit find that their management and advisory activities are largely disregarded by the federal government, a more negative attitude can be anticipated. Inuit might use local and regional governments, as well as the territorial government, as vehicles for the political expression of their satisfaction or dissatisfaction with the new industrial development regime. With its enhanced powers, the territorial government would most likely support such pressures by Inuit, particularly if division occurred.

Greater Power for the Territorial Government and a Settlement Involving Inuit Control over Development

This option combines the transfer of political power to the territorial government with Inuit control over advisory and management boards set up as a result of land claims settlement. As in the case of the last option described in chapter 9, this control would result from formal assignment of majority membership on management and advisory boards to representatives of claimants in the central and eastern Arctic. This would make it likely that claimants would set the nature of advice going to political decision-makers from advisory bodies. Inuit might also control management of the conditions placed on development.

Inuit control over management and advisory structures established through the settlement would not, however, result in Inuit control of the basic decisions concerning whether or not development would occur. These decisions would remain with companies and at the political level. However, under this option the political level might also provide Inuit with greater influence or control over such basic decisions, depending on the extent and nature of the powers and responsibilities transferred from the federal to the territorial government.

The other features of the land claims settlement under this option might be similar to those discussed in the previous case. In other words, claimants would receive a lump sum cash payment, possibly royalties from future developments, and direct control over specified tracts of land ascribed to them on a fee simple basis. As in the case of the previous option, the extent of alienated lands could be somewhat greater than in a settlement modelled on the James Bay agreement. In addition, Inuit control over management and advisory bodies established as a result of the settlement would presumably result in greater Inuit control over lands beyond those selected for Inuit ownership.

Implications

This option represents the greatest extent of federal government transfer of authority and responsibilities with respect to industrial development. Even though it would retain ultimate decision-making authority at the political level, the federal government would be under significant pressure to respond positively to the recommendations and actions of these new political and claim-related structures.

It is inconceivable at the present time that the federal government will give up its ultimate authority concerning ownership of nonrenewable resources and industrial development. However, this option would give Inuit a significant degree of control over regulation and monitoring of terms and conditions related to development, through both the settlement and the political development process. Inuit would at the same time have increased control over tangential matters and spinoffs, such as education, the social impacts of development, communications benefits, and so on, particularly in the case of division. Division would also enhance Inuit influence on the lobbying activities of the territorial government and the exercise of its service and policy responsibilities.

This option provides for potentially significant influence and control by local governments in the central and eastern Arctic. As in the previous alternative, local governments would likely provide one important source of membership on management and advisory bodies set up through the land claims settlement. Particularly if division occurred, the enhancement of the powers of the territorial government might well result in the devolution or delegation of certain new territorial responsibilities to the local level, and a greater local and regional role in matters related to industrial development or its spinoff effects.

In addition, local governments would likely have responsibility for lands designated for Inuit ownership under the settlement. Depending on the extent of these lands and their relationship to industrial uses, local governments might have a very important role in dealing directly with companies and other governments to ensure that the terms and conditions of industrial development activities are in accordance with Inuit interests. For example, local governments could become involved in negotiating with companies and with other levels of government to ensure that the infrastructure requirements of particular developments are coordinated with the needs and interests of area residents.

This option would provide considerable impetus for companies to deal with communities and involve them in the industrial development process. The increase in Inuit control over development would mean that companies would be required to deal with communities on a more formal basis and over a broader range of issues than is now the case. In addition, the broader political influence for Inuit would make it more important for companies to discuss their development proposals with communities voluntarily and, to the greatest extent possible, respond positively to local concerns, since the cumulative effect of greater Inuit powers would also make it more difficult for companies to overcome local opposition to a particular development. This would be particularly true should division occur, because of the stronger voice for Inuit in a Nunavut government.

From the perspective of companies, this option might well facilitate development over the longer term. The significantly greater involvement of Inuit in industrial development matters might eventually result in greater Inuit familiarity with the nature of industrial development and its costs and benefits. If royalty payments were included as part of the claim settlement, the monetary stake which Inuit would have in industrial development might conceivably make them more favourably disposed towards it. However, if there is a high level of industrial development activity in the post-settlement period, Inuit might use their new political and claim-related powers to try to slow the pace of development and thereby reduce the pressure on communities and on lands outside communities.

In the early stages, implementation of changes in the distribution of political power between the federal and territorial governments plus the establishment of new management and advisory structures as the result of the claim might place considerable stress on the industrial development regime. Uncertainty and delay might result as new structures are established and begin to work. Potential difficulties associated with this implementation period might be exacerbated if the pressure for industrial development is high. However, any such difficulties could be reduced with the passage of time.

In the post-settlement period, once management and advisory structures set up as a result of the claim are well established, Inuit of the central and eastern Arctic might well focus on governmental development as the route to greater power over industrial development, particularly with division. This focus would reflect the fact that ultimate authority concerning industrial development would remain in the political domain.

All of the options discussed in this chapter represent the highest potential for Inuit to increase their formal political responsiblities related to industrial development. As will be seen, the alternatives discussed in the next chapter relate to a more centralized political approach to industrial development.

11. ALTERNATIVES RELATED TO FEDERAL CENTRALIZATION

Introduction

This chapter deals with alternatives combining federal centralization of political power and responsibilities related to industrial development with different land claims settlement options. The alternatives discussed are:

i federal centralization and no settlement;
ii federal centralization and a settlement modelled on the James Bay agreement;
iii federal centralization and a settlement involving Inuit influence concerning development;
iv federal centralization and a settlement involving Inuit control over development.

The possible course of federal centralization of political powers and responsibilities related to industrial development was discussed in chapter 6. As will be recalled, federal centralization was defined there to include two major features: first, it would involve the federal government taking back responsibilities related to industrial development formally assigned to the territorial government, largely relating to the negotiation of socio-economic agreements; second, this political development alternative was seen to involve the possibility of increasingly aggressive and expansive exercise of federal powers concerning the north, particularly regarding industrial development. These two features of federal centralization are not mutually exclusive.

As discussed in chapter 6, federal centralization is the current observable trend in northern industrial development. In contrast, the federal government is relaxing certain of its controls over other aspects of governmental activity in the NWT. The recently announced move to formula financing for the GNWT is one example of this latter shift.

Division of the NWT would facilitate centralization, as it would result in two new, smaller, and relatively inexperienced jurisdictions.

Federal Centralization and No Settlement

This option can be described as a continuation of the present trend, as opposed to the status quo alternative which may be more accurately characterized as a snap-shot of the present situation. The inclusion of socio-economic considerations as part of the federal environmental review of oil and gas developments in the Beaufort Sea, and the increasing concern of the National Energy Board over socio-economic matters, are evidence of a reassertion of federal government responsibilities in the socio-economic area. For the moment, land claims negotiations between the federal government and ITC would continue, with no definite end in sight.

Under this option, the federal government would retain control over the vast territory of the central and eastern Arctic. Federal decision-making concerning the disposition of land and mineral rights would be supreme in all cases, as would the federal prerogative to establish different structures to deal with land use planning and regulatory matters. Other key matters related to industrial development, such as water use, would also remain under federal control. This does not, however, exclude the possibility that the federal government might set up committees or involve people from communities in deliberative bodies dealing with industrial development. For example, individuals from affected communities in the central and eastern Arctic might be invited to sit on environmental assessment reviews pertaining to the area, land use planning commissions established by the federal government, and so on. These could be either on-going appointments or short-term ones. The key distinction between this approach and the others discussed in this chapter is that none of these structures would be set up to allow for specific Inuit or local participation in industrial development deliberations as the result of a land claims settlement.

Implications

This option entails a declining capability on the part of the territorial government to set up effective structures to deal with matters related to industrial develpment. The absence of a settlement means that the aspirations of the people of the north to divide the territories will not be met.

Enhanced local participation in industrial development deliberations is still possible under such an option, although local governments would relate more directly to the federal government than to the territorial government. For example, the federal government could invite selected individuals to sit on various deliberative bodies concerning industrial development; this trend is already observable in recently-established environmental assessment reviews pertaining to the north. Another approach would be for the federal government to involve officials of local governments in the central and eastern Arctic in land use planning and other deliberations related to industrial development. The nature of the forthcoming federal land use planning regime is still uncertain; however, it would appear that there will be some involvement of local government representatives. A third approach is represented by federal support for community-based committees dealing with development such as the Hudson Bay Oil and Gas Committee.

From the companies' standpoint, the extent to which the federal government emphasizes local participation in the industrial development process will have an effect on the nature of company dealings with communities and on the complexity of the development regime. The rate of development will also affect the regime: for example, the higher the level of industrial development pressure, the more the federal government might be tempted to centralize in order to control and coordinate activities. On the other hand, if development occurs relatively slowly, or on a small scale, the federal government may find that the existing approach to industrial development is generally satisfactory and that the current level of community consultation and local government involvement in deliberative bodies is adequate.

As the case studies noted, however, local governments and the territorial government have suggested that the current process of industrial development does not include sufficient local involvement. In light of these criticisms, the combination of no settlement with no enhancement of local and regional involvement may sour the views of northerners concerning industrial development. Furthermore, reduction of territorial responsibilities in the industrial development process will also contribute to more negative northern attitudes towards development and towards the federal government's activities.

If 'no settlement' means that negotiations drag on, as opposed to a specific decision to abandon negotiations, then the uncertainty attached to the future will affect the industrial development process. Furthermore, 'no settlement' combined with federal centralization will not necessarily make the industrial development process more speedy for companies. The extent to which the industrial development process becomes streamlined would depend on the approach taken by the federal government in managing its internal departmental and agency relationships for the consideration of industrial development proposals in the north. New structures and processes might be needed to deal with the responsibilities reassumed from the territorial government and with emerging northern priorities. The establishment of land use planning commissions and related structures seems to be a step in this direction. Regardless of the degree of local involvement, under this option the federal government would continue to dominate any ongoing or new organizations established to deal with industrial development in the central and eastern Arctic.

Federal Centralization and a Settlement Modelled on the James Bay Agreement

This option combines federal responsibility for industrial development with the transfer of specified limited lands to Inuit as part of a land claims settlement. It also includes the potential for Inuit to receive royalties from development and for Inuit of the central and eastern Arctic to control certain aspects of life not related directly to industrial development. As in the case of the James Bay agreement, land assigned to Inuit control as the result of a settlement would be limited to land in and around communities and would still remain subject to public regulation and vested third-party interests. The federal government would control the planning and use of all other lands in the central and eastern Arctic.

Under this option, the industrial development process would be centralized within the federal government. There would, however, be some requirement for consideration of Inuit priorities and interests on land subject to Inuit control. Since these would be lands in and around communities, local governments would be involved. The extent to which Inuit and/or local government would be involved in the planning and management of other lands would be at the discretion of the federal government, as is currently the case.

From the community perspective, Inuit and local governments would deal with the federal government as interested parties trying to achieve their preferences concerning industrial development. It is likely that this would occur through representations at environmental assessment review panel hearings, and deliberations in the land use planning process.

Territorial government activities would be tangential to industrial development under this option. Consequently, if division of the NWT were to occur, the territorial government would not have direct responsibility for industrial development to devolve to the local or regional level. However, since division would give Inuit a majority in Nunavut, they would be in a stronger position to use their territorial government as a lobby to express Inuit views concerning future development of the north.

A land claims settlement designating specific tracts of land to be owned by beneficiaries would require companies who want to use any part of these lands to deal with some authority designated by claimants, likely a local or perhaps a regional government. If, as in the James Bay case, lands held in fee simple by beneficiaries were limited to those in and around established communities, companies would most likely want to deal with local governments over the use of these lands, for example for base camp facilities for exploration or development. With respect to other lands, companies would continue to deal with the federal government as they follow the formal steps in the industrial development process. In addition, however, companies would likely want to discuss their plans with communities in order to minimize resistance to development proposals. The extent to which communities are seen as vital sites for base camp facilities, transportation points, and other related activities would affect the extent to which companies placed a priority on dealing with communities over development matters beyond community boundaries.

Implications

Significant pressure for industrial development in the central and eastern Arctic might prompt a settlement modelled on the James Bay approach, and might also increase the centralist tendencies of the federal government as it seeks to respond quickly to industrial development proposals seen as being in the national interest. This option would not seem to represent much of a gain for Inuit over the present system in terms of the industrial development process. Nonetheless, it does represent a method of dealing with some basic issues. For example, Inuit would have control over certain lands, and existence of a settlement would pave the way for division. The fact that this option would satisfy one of the preconditions for division of the territories leaves the door open for future political development for Inuit of the central and eastern Arctic.

Federal Centralization and A Settlement Involving Inuit Influence Over Development

This option combines a strong orientation towards basic control over industrial development by the federal government with some accommodation of claimants through guaranteed minority participation in claim-related advisory and management structures pertaining to industrial development, outside but parallel to the political decision-making process. The final decision about whether or not to proceed with specific industrial development proposals and the final source of appeal concerning the terms and conditions established for implementation of those proposals would remain at the federal political level.

The federal government would dominate virtually all aspects of the political decision-making process related to industrial development. Furthermore, any management and advisory structures for industrial development created under the settlement would be responsible solely to the federal government. Although the territorial government would not control any aspect of nonrenewable resource development, its powers might be enhanced in other areas.

Other distinguishing features of this settlement option are:

- provision of a lump sum cash payment to beneficiaries of the claim;
- the possibility that royalties might be provided on future development in the post-settlement period;
- the possible assignment of lands on a fee simple basis over a more extended territory than in a settlement modelled on the James Bay Agreement.

To some extent, the potential for Inuit influence over development would relate also to the amount of land assigned to the claim beneficiaries on a fee simple basis, even though such lands assigned to Inuit would be subject to public regulation and vested third-party interests.

Implications

Federal centralization at the political level might well constrain the federal government in its willingness to set up certain kinds of management or advisory bodies to deal with matters directly related to industrial development as part of a settlement. For example, federal desire to control land use throughout the territory might preclude the establishment of a special management or advisory structure to deal with land use planning. Exclusion of this type of structure from the settlement package would not, however, prevent the federal government from allowing local participation on management and advisory bodies dealing with other matters such as planning for specific sites within the territory or with more tangential aspects of the industrial development process.

This option holds out at least three possibilities for a greater role for local governments in industrial development. First, local government might be vested with responsibility for serving Inuit interests in the disposition of alienated lands. Second, local government could be one important source of membership on advisory or management structures set up as a result of the claim. Finally, it is conceivable that, under this scenario, local government would become more of a focal point for companies as they deal with the resulting industrial development regime.

If communities were involved in management or advisory structures related to industrial development, there might be less resentment concerning federal control over political decisions regarding development. A sense of genuine influence, as represented by consideration of Inuit interests in government actions, would make federal political control of industrial development seem less arbitrary. Also, participation in management or advisory structures, if combined with local government control over community lands and revenues from development, would provide Inuit and local governments in the central and eastern Arctic with a considerable stake in industrial development decisions. This might result in a greater predisposition toward industrial development in the future. In contrast, if the federal government were to consistently reject the advice of such bodies, local governments could become the focal point for the expression of Inuit dissatisfaction about the course of industrial development in the territory.

The establishment of management or advisory structures through a land claim settlement with overlapping interests with political structures, would likely result in an industrial development process which is more complex than at present, creating the potential for delay and confusion for all parties. This situation could be exacerbated if there is considerable pressure for industrial development while the new regime is being established. Nonetheless, as stated above, the possible early difficulties might be offset by an enhanced predisposition of Inuit toward industrial development.

In the post-settlement period, Inuit would gain practical experience on the claim-related management and advisory bodies which could result in pressure for greater participation through political channels as well, either through the territorial government or through local government.

Federal Centralization and a Settlement Involving Inuit Control over Development

In some respects, this option is a contradiction in terms. It combines federal control over basic decisions concerning industrial development with Inuit control over claim-related management and advisory bodies dealing with matters related to industrial development. Inuit control over development as a result of the land claims settlement would not involve the basic decision of whether or not development would proceed. In fact, the most likely combination of responsibilities under this option would be for the federal govenment to retain control over all aspects of planning and basic decision-making concerning industrial development in the land claim area and for Inuit to control management and advisory bodies that monitor the impact of development once it is occurring.

A trend toward federal centralization would likely mean that Inuit would not have extensive control over land (other than alienated lands), regardless of their control over any management or advisory bodies dealing with industrial development. Nonetheless, this option would provide for a much greater role for local government in the industrial development process than most of the others discussed. The distinction between control and influence is crucial when comparing all aspects of this particular option with the one previously discussed.

Implications

Initially at least, Inuit control over some aspects of development would make the industrial development process more unpredictable, both for companies and for the federal government. On the other hand, it might increase Inuit enthusiasm for development. In any event, in the post-settlement period, experience with partial control over industrial development as the result of the land claim might prompt political efforts by the Inuit of the central and eastern Arctic to achieve greater control. This would be the case particularly if division were to occur in the post-settlement period.

12. CONCLUDING REMARKS

Introduction

As stated at the outset, the Eastern Arctic Study had four specific objectives:

i to study the potential impact of settlement of the ITC land claim on local governments in the central and eastern Arctic;
ii to study alternative approaches to industrial development which might be taken in the ITC area in the post-settlement period;
iii to study the implications of alternative approaches to local government and industrial development under alternative settlements in the ITC claim area;
iv to present the results of this research in a manner which will permit its use by northerners and other interested parties to anticipate potential difficulties and mitigate their effect.

In carrying out these objectives, we have explored the possible course of political development, land claims settlement, and industrial development in the central and eastern Arctic, and the relationships among these three forces for change. An attempt was made to point out the broad alternative approaches to industrial development in the future in the context of political development and land claims settlement. In assessing these alternatives, every attempt has been made to avoid stating preferences. Instead, in keeping with the original objectives of the Eastern Arctic Study, the focus has been on a neutral perspective with respect to the implications of each alternative for the various parties involved. It is hoped that interested readers of this document, be they government officials, corporate officers, or northern residents, will make their own evaluation of each alternative, based on their own goals and values. We recommend that people read the alternatives and weigh the constraints and opportunities of each. For example, there are financial, political and social implications to each alternative. Readers should consider these from the perspective of their own particular interests, and also from the perspective of the other interested parties, in order to identify priorities and possible compromises.

Some general themes have emerged in the course of the Eastern Arctic Study. In a very real sense, they represent the summation of our research, and we would like to comment on them in our concluding remarks. They relate to the incredible pressures for change now being felt in the north, to the prominent role of government in northern life, the choices facing Inuit today, and the financial implications of all these factors.

Climate for Change in the North

The first general theme is that change is occurring in the Northwest Territories and will continue to occur. There are a number of sources of change which much be taken into account. For example, the ebb and flow of pressure for nonrenewable resource development looms as important in the minds of most northerners and many other Canadians. Another source is the efforts of the Government of the Northwest Territories to achieve responsible government, which have been persistent in recent times and will likely continue until there is some resolution to questions surrounding the political future of the Northwest Territories. Should division occur, it is conceivable that any new territory established in the central and eastern Arctic will also be characterized by a quest for political responsibility.

The desire of native northerners to resolve the outstanding issues of aboriginal claims and achieve some measure of self-determination is another well-documented source of change, along with federal and territorial government attempts to respond to these aspirations. These efforts have already affected the political development of the NWT and will likely be a very prominent source of change in the future if claims settlements are achieved.

The federal government's desire to deal with issues pertaining to the north and the aspirations of northerners, while at the same time serving the national interest, is perhaps the most important force for change in the north today, dealing as it does with the competing and sometimes conflicting aspirations of native northerners and those who want to develop or use the north's rich resources. Despite the responsive nature of many federal activities, federal policies and programs can be seen as sources of change in and of themselves.

In many ways, these various sources of change are interdependent. For example, despite the federal government's continuing insistence that political development issues cannot be discussed in the context of land claims negotiations, the interplay of forces for political change and the resolution of claims is evident in the recent announcement of the Minister of Indian Affairs and Northern Development that division of the Northwest Territories is dependent upon the settlement of land claims. The relationships are extremely complex and make the ramifications of initiating new approaches in any one area unpredictable. For example, the National Energy Program is being implemented through the negotiation of extensive agreements with companies interested in the development of oil and gas resources in the north. To some extent, this sets limits on the powers and responsibilities remaining to be transferred from the federal to the territorial government, and on the scope of issues open for negotiation with native organizations.

Despite these complexities, there is currently a climate of opinion in the north and in the nation as a whole which views change not only as necessary but as beneficial. For example, northerners have expressed their views on division of the territory, voting in favour of significant change. Even if division does not occur in the immediate future, the activities following the plebiscite, such as the creation of the Western Constitutional Forum, the Nunavut Constitutional Forum, and the Constitutional Alliance, suggest the preparedness of many northerners to discuss alternatives for the future. The recent federal acceptance in principle of division of the Northwest Territories also reinforces the mood favouring change, as does the increased interaction of companies with communities affected by industrial development.

This does not mean that all parties are seeking the same changes at the same rate. For example, there may be disagreement between certain northerners, particularly native northerners, and industrial interests concerning the appropriate pace and nature of industrial development activity. These and other differences make it all the more important that all parties understand the implications of the changes they seek either through the industrial development process itself, through political development, or through a land claim settlement.

Importance of Government in the North

The second major theme which emerges from the research is that government, at all levels, is extremely important in the north. The particular features of the north, such as its varied cultural composition, its socio-economic characteristics, the isolation of its communities from one another, and from the south, mean that innovative approaches to dealing with public issues may be necessary. This is particularly true if a claims settlement is reached which involves the establishment of management and advisory structures pertaining to industrial development which exist in parallel to political structures. A number of the alternatives discussed in earlier chapters deal with this possibility. As is evident from those discussions, the relationship between political structures and claims-related structures will be crucial if this situation emerges. This relationship will be important in terms of both organizational interaction and goodwill.

Wide Range of Options for Inuit Role in Development

The third theme concerns the variety of options for Inuit in the central and eastern Arctic for realizing greater participation in the industrial development process. This could occur through political structures, in combination with enhanced responsibilities for the territorial government; or, it could result from increasingly direct interaction between federal and local officials on industrial development matters; or, greater participation could occur through advisory or management structures established as a result of a claims settlement.

The sources of Inuit representation on any new structures which emerge to deal with industrial development might vary. For example, ITC itself might be a source of representation. The Nunasi Corporation (as the development corporation established to manage the benefits of the claim), local councils, the territorial government, or regional structures could all be considered as potential sources. The choice of who represents Inuit interests in the industrial development process will likely be significant.

Without stating a preference for any one approach to Inuit participation, at least two considerations appear important. First, the geographic focus of specific issues or projects is an important consideration when selecting the method of Inuit representation. Various sources of representation should be considered for structures which deal with territorial-wide issues, or for issues pertaining to a particular region such as the Keewatin or Hudson Bay, or for local issues related to a particular development. Second, the nature of the mandate accorded to Inuit representatives should be considered. For example, are representatives of Inuit interests to be considered as delegates, responding automatically to the expressed wishes of their constituents, or as representatives who act more independently by interpreting Inuit interests and making decisions based on their own best judgement?

Financial Considerations

The fourth theme which emerges is that financial considerations are important for all parties. There will be considerable interest in the impact of any changes in the level and distribution of royalties, and in the assignment of financial obligations such as for the provision of community infrastructure. For claimants, the potential benefits of the financial terms of any settlement require exploration, as does the issue of who shall be vested with responsibility for distributing compensation. For example, all compensation resulting from the claim might be distributed through a development corporation. Alternatively, other organizations, such as local governments, might be accorded responsibility for using some of the financial benefits of the claim to develop community infrastructure.

It has been suggested that a financial stake in resource development for northerners might have the effect of increasing their predisposition toward exploration and development. It should be noted that any financial participation would likely be accompanied by a desire for consultation and, perhaps, decision-making power related to industrial development.

Company Approaches to Consultation

The fifth area in which general conclusions are warranted concerns the future course of company activities in the north. It has frequently been stated that companies operating in the north or anticipating industrial development initiatives there would like to see a resolution of outstanding issues relating to the industrial development regime and to the settlement of native claims. The particular characteristics of a future industrial development process in the north sought by industrial interests were discussed in chapter 4. These relate largely to simplifying the process and clarifying the role of companies and governments in conducting discussions with communities and other interests.

It can be suggested that the political and social complexities of the north prevent the clear-cut resolution of issues and clear approaches to organization desired by companies. Instead, companies might find it more productive to participate in a positive way in structures which seek to serve the needs and aspirations of northerners. This approach, while perhaps involving a greater commitment of time and financial resources than is ideal from the corporate perspective, might well result in greater success in the longer run as a greater sense of mutual interest and trust is developed between northerners and corporate interests.

To a considerable and probably increasing extent, companies are already pursuing this approach, as evidenced by the Baker Lake, Polaris and Beaufort Sea case studies. Positive results are beginning to emerge.

Local Government and Development Issues

The sixth area of interest relates to communities and local governments. For communities, there will be increasing pressure concerning industrial development. This pressure will exist regardless of whether or not there is a high level of industrial development activity in the short term. The fact remains that there are extensive nonrenewable resources in the north, and eventually there will be initiatives to exploit those resources.

Despite the increasing pressure for industrial development, the avenues for local participation in the industrial development process through political channels will likely remain circumscribed. This will be particularly true if the territorial government's role in industrial development is limited (in terms of the formal distribution of responsibilities between the federal and territorial governments).

This does not, however, exclude local government from active participation in industrial development issues. There is always the opportunity to express local views as an interested party in the course of various planning and regulatory activities undertaken by the federal government. Communities desiring a stronger voice in the industrial development process should consider the potential of the land claims settlement to provide a vehicle for community influence or control over certain aspects of the industrial development process. For example, a settlement involving the establishment of mangement or advisory structures with Inuit influence or control might provide the best opportunity for local participation. In addition, local governments might receive regulatory powers over lands assigned to Inuit ownership as the result of the claim. This also represents some opportunity for influence or control over the industrial development process. For example, these lands might be of interest to companies for the establishment of base camps and other facilities.

Territorial Government Strategies

The seventh general theme concerns the territorial government. Here, the key issues for the future are the achievement of responsible government and a more independent revenue base.

The current position of the federal government that no territorial government will be accorded provincial status in the foreseeable future suggests that the territorial government should carefully consider its strategy to achieve increased powers and responsibilities. Specifically, the territorial government might consider not only the areas in which it desires increased powers and responsibilities, but also those areas where it is most likely to receive a favourable response. For example, it would appear that the federal government wants to retain those powers that are directly related to industrial development. There may be other important areas, however, which bear a secondary relationship to industrial development but which are seen as suitable candidates for transfer from the federal to the territorial level. These might include powers and responsibilities related to renewable resource development and to socio-economic matters, both of which affect and are affected by nonrenewable resource development. By focusing on such areas, the territorial government may well be providing itself with enhanced influence over industrial development as well.

Federal Dilemmas

As is evident from the discussion in earlier chapters, the role of the federal government is central to the future of the north. It is the nature of this role in the future which forms the eighth concluding theme.

The federal government continues to be faced with the difficult task of reconciling national interests and responsibilities with the aspirations of northerners and of the industrial sector. This balancing act will continue, regardless of the pace of development. It would appear that the federal government's predisposition is to deal with this situation by retaining control over the pace and nature of political development, the eventual terms of any land claims settlements, and the pace and nature of industrial development. This approach will likely mean that the course of federal activity will continue to be difficult. Nonetheless, resolution of some issues by the federal government will clear a path for the discussion of other outstanding issues in a more harmonious environment. The federal government's recent announcement concerning division of the territories is one important step in this direction. In addition, clarification of the methods by which the federal government intends to implement its land use planning policy in the north and any related changes in the industrial development regime will be important.

It is sometimes assumed that interests pertaining to political development, land claims, and industrial development in the north are so diverse as to be irreconcilable. This is not so. Northerners are not universally opposed to industrial development; however, they do want some ability to control their destiny, and they see political development and land claims settlement as opportunities to achieve this goal. Recognition of this basic fact by other parties interested in the north can create a common ground for fruitful discussion and enable all interests to benefit from the current climate for change.

APPENDIX I

ALASKA CASE STUDY

This case study describes the impact of the Alaska Native Claims Settlement of 1971 (ANCSA) on Alaska's Native people. Particular attention is given to the consequences of ANCSA for local governance and industrial development in Alaska.

The history of Alaska before statehood can be characterized as one of private absentee control of resources and fragmentation of government. (By the end of the 1940s, there were over 100 different federal and territorial agencies operating in Alaska). This resulted in little weight being given in local interests in a decision-making process based in Washington. The development of a larger, more assertive Alaskan population, the discovery of oil and the Kenai Peninsula in 1957, and other factors proved sufficient to win statehood for Alaska in 1959.

The writers of Alaska's constitution decided to depart from the traditional local government pattern, and opted for a system based on a 'borough'. This unit, larger than a city and smaller than a state, would allow local self-government on a regional basis.

At the time of statehood, few Natives participated in either the representation of their communities at the territorial level, or the administration of programs designed to benefit them. Certain forces, however, in the 1960s began to threaten the subsistence economy, and Native political activity began to gather momentum. In response to threats to the traditional lifestyle, organizations asserting the validity of Native land claims began to emerge. In fact, by the end of the 1960s, regional and city Native organizations blanketed the state, and each filed claims with the Secretary of the Interior. Faced with these massive claims, the Secretary of the Interior halted all disposal of public lands in Alaska to which Natives claimed aboriginal title until the U.S. Congress passed a bill defining the rights of the Natives and establishing the structure for a settlement.

President Nixon signed the Alaska Native Claims Settlement Act into law in late 1971. The substance of ANCSA had been earlier ratified by the Alaska Federation of Natives. It also had support of the increasingly important oil industry, the Alaska business community and state administration.

This act is extremely complex and has been amended several times since 1971. Basically, the act provides for the extinguishing of all outstanding Native claims to land, and to compensation arising from either previous treaties and statutes or aboriginal title based on land use and occupancy in exchange for:

i a total non-taxable grant of $962.5M to Alaska Natives;
ii a grant to Native groups of forty million acres in fee simple to be selected from the public domain and distributed among Native regional corporations, village corporations, and individual Natives;
iii the creation of 12 national regional profit corporations whose boundaries cover the entire state and as far as possible include the Natives of common heritage, plus a thirteenth corporation to receive settlement funds (but no land) for Natives not residing in any of the 12 regions;
iv the creation of over 200 village corporations to receive and manage the surface estate of approximately 20 million acres of land;
v a conservation section, allowing the Secretary of the Interior to select up to 80 million acres for study to determine if these lands should be added to existing national parks, forests and wildlife refuges and to make recommendations to Congress in this respect;
vi a prohibition on state and Native land selections within a utility and transportation corridor which the act suggested the Secretary of the Interior might want to withdraw, thereby removing the obstacle to pipeline construction posed by the land freeze.

The act itself provides no means to ensure that historic communal uses of land persist. Individuals are free to sell their land, and land use planning and development occur through the interaction of Native corporations and the laws and regulations of federal, state, and municipal levels of government. ANCSA also provides no guarantee about the perpetuation of existing programs and rights enjoyed by Natives prior to 1971. The absence of guarantees with respect to aboriginal rights was especially important when coupled with the possibility of sizable portions of Alaskan land being withdrawn for conservation purposes under ANCSA.

The settlement was essentially an economic one, largely divorced from the formal political system. The benefits of the settlement were to be channelled to the recipients through modern business corporations, whose Native character was assured in the short term by restrictions of voting rights to Natives only until 1992. These corporations were not tied at all into the formal political structure.

Lessons For the Eastern Arctic Study

i The structure of ANCSA inevitably gave rise to a very hectic post-settlement period. Unanticipated problems arose concerning applications for enrollment by individual beneficiaries, land selection, and legal interpretations of the settlement by the participating parties - federal agencies, state agencies, Native groups - with their conflicting goals and interests.

ii The viability of village corporations set up under ANCSA has been hampered by local inexperience in running such organizations. These difficulties were duplicated in the regional corporations which began to function in mid-1972. As a rule, their regions covered huge sparsely-populated areas and their shareholders lived in a large number of small villages. There was a great shortage of experienced Natives to take advantage of the new opportunities created by the settlement, and corporations were forced to look outside the Native community for senior employees. Although the various corporations have made significant investments in stocks, hotels, office buildings, construction companies and shipping companies, it is still too early to gauge the success of these investment strategies.

iii Regional corporations have a legal obligation to make a profit for their shareholders. This interest in revenue generation, however, clashes with other Native aspirations, such as preservation of the subsistence economy, protection of the environment, and the enhancement of traditional culture. Some regional corporations have been attempting to balance such conflicts. However, it remains to be seen whether the corporate structure imposed by the 1971 settlement can indeed successfully combine the goal of profit-maximization with the broader social goals needed to raise the quality of life of Alaska's Native population.

iv The 1971 settlement contained no explicitly political component. However, the sheer amount of land and other resources now controlled by Natives through their corporations has served to expand Native influence in political decision making, particularly at the regional and local levels. The regional corporation has become the foremost political influence in all Native regions of the state, except for the North Slope (where a borough government has been formed).

v In July 1972, the North Slope Borough was incorporated to create the only Native-controlled regional government in the USA. It is one of the largest municipalities in the country and one of the least densely populated. It was originally incorporated as a second class borough, with powers over education, planning, zoning and taxation over an area coincident with the boundaries of the Arctic Slope Regional Corporation. A year later, the borough adopted a home rule charter with allowed it to go beyond the state municipal code to design special taxes for Prudhoe Bay, and to restrict the sale of municipal property to non-Natives.

Overall, the Native residents of the North Slope, through the combination of a strong regional corporation and the creation of a borough government, have clearly gained great political power at the regional level. Recent surveys indicate that, in spite of problems, most Natives in the region are satisfied that the structure is responsive to their demands and able to represent their collective needs effectively. The political gains of Natives in other regions have not been as significant.

vi Most observers agree that ANCSA's passage was overwhelmingly due to the need to eliminate uncertainties about land ownership and development possibilities, in order that the resource demands of southern society could be met. However, the perceived urgency of southern needs in many ways acted to the advantage of the Natives. One explanation for the relative generosity of the settlement lies precisely in the pressures for development of Native lands. There is a distinct possibility that, after 1991, Native corporations will be forced to sell large amounts of land to outside investors and that non-Natives will move to take control of the Native corporations and the considerable assets they possess. However, Native leaders are adopting a number of strategies in order to avoid this occurrence.

vii On balance, it appears that ANCSA has generated positive results for Natives. As a result of the settlement, there has been a substantial increase in the supply of capital and the availability of wage employment at the local level, and there is no doubt that most rural Alaskan Natives are better off economically today than they were 20 years ago. However, the economic focus of Native business corporations has diverted attention from broad social goals, and it is not clear how compatible a strategy of capitalist development is with the goal of maintaining a distinct Native culture.

APPENDIX II

BEAUFORT CASE STUDY

This case study examines exploration for petroleum resources in the Beaufort Sea since the late 1960s. It focuses on the interaction among the three major proponents of development of the area's hydrocarbon resources (Dome Petroleum Limited, Esso Resources Canada Limited and Gulf Canada Resources Inc.), the federal and territorial governments, and communities in the region.

A number of observations emerged as a result of community visits and other research associated with the case:

i Different types of communities may be identified, each type having its own particular kind of relationship to Beaufort Sea development.

The Hamlet of Tuktoyaktuk is a 'base camp' community located right in the centre of exploration activity. As a site for company base camps and transportation facilities, it is subject to considerable demands for services and other development pressures. The Town of Invuik is a 'service centre' which is important to the Beaufort as a source of supplies. It is also the home base of many government personnel involved with the Beaufort.

Aklavik, Holman and Fort McPherson are just some examples of feeder communities which are more physically remote from the exploration area but do experience employment and related socio-economic spinoffs from the effort.

ii Representing a base camp community, the council of Tuktoyaktuk has been very vocal in expressing its concerns about Beaufort Sea development. These have included:

- the consultation process concerning exploration and subsequent development;
- environmental impacts;
- economic impacts, including both employment and spinoff opportunities;
- the costs of development, such as the burden of providing local services;

- the social and cultural impacts of the influx of southern workers.

iii The Beaufort Sea Community Advisory Committee (BSCAC), a Dome-sponsored group of representing local councils and Hunters and Trappers Associations in area communities has served to inform communities about Dome activities in the Beaufort since 1976. The committee appears to be expanding its range of activities and there may be sustained pressure for the BSCAC or some similar organization to deal with the activities of all companies involved in the region.

iv Federal and territorial government planning and regulatory efforts are complex and have generated varying responses from communities, companies and other interested groups such as the Committee for Original People's Entitlement. The Beaufort Sea Environmental Assessment and Review Process provides a case in point.

Lessons for the Eastern Arctic Study

i Distinctions should be drawn among individual communities and their relationship to the development. The different interests of base camp, service centre and feeder communities should be reflected in the involvement of communities in the regulatory and consultative process.

ii All communities affected by Beaufort activities seek to participate in some aspect of development planning.

iii The present approval to planning, regulation and general consultation leaves local councils over-burdened, especially in communities located near exploration areas.

iv The potential for decision-making on a regional basis in the Beaufort requires further consideration. Issues related to the future of the BSCAC are a case in point.

v The complexity of the current regulatory and planning process in the Beaufort has everyone confused.

vi The impact of land claims on Beaufort exploration and development is possibly significant but remains unknown.

APPENDIX III

THE POLARIS CASE STUDY

This case reviews the history of the Polaris mine, from the initial discovery of lead/zinc deposits on Little Cornwallis Island in 1960 to the conclusion of the development agreement between the Government of Canada and Cominco Ltd. in 1980. The length of time required to secure necessary government approvals for development, and to undertake other consultations, is remarkable. In part, this reflects the variety of interests, structures, and environmental and socio-economic impact studies involved in mounting the Polaris development. The significant length of time involved also reflects the fluidity of the regulatory regime for northern resource developments.

Community councils in northern communities affected by the development have served as a focal point for consultation by Cominco, and, to a lesser extent, by the federal and territorial governments. Although all parties consulted with communities, there was no legal basis or requirement for delegating any actual decision-making power concerning Polaris to community councils.

There are several issues that emerge from the development of the Polaris mine. These may be broadly categorized as follows:

i environmental issues;
ii issues related to employment and training for northerners;
iii issues concerning the nature of the workplace;
iv issues related to the process for consultation and approval of the Polaris mine and for monitoring its operation and impact;
v issues concerning the impact of the mine on northern communities;
vi issues concerning the economic spinoffs from the mine in northern and southern Canada;
vii the issue of the Polaris mine as part of the accumulated development of Canada's north.

Although all of the issues listed above are extremely important in the context of northern development, the last four are particularly germane to the Eastern Arctic Study.

Lessons for the Eastern Arctic Study

i With regard to the process for consultation and approval of the mine, the major question which seems to emerge is how to establish a development approval process which provides for the timely consideration of socio-economic incentive for industrial concerns to pursue development. (As far as consideration of these issues for Polaris is concerned, no one, neither proponent nor opponent, seems to be particularly satisfied with the process.)

ii There is confusion as to where communities and other interests fit into the approval process. For example, although communities must be consulted about the issuing of land use permits and water licences for mineral exploration and development activities, communities in the central Arctic tend to feel ill-informed about applications and powerless to effect changes. Moreover, the federal presence does not appear to be strong in central Arctic communities which are asked to comment on applications. New government/community discussions about the nature of the current approval process and the prospects for change might be in order. In any event, the rules of the game for community participation in development decisions should be clarified. Most important is the need to distinguish decision-making from advisory functions.

iii The impact of Polaris on northern communities, particularly those in the central and eastern Arctic, is important. It would appear that local governments in a number of affected communities have a limited capacity to deal with the impacts of a development like Polaris because of the limited number of people available to fill leadership positions in the community.

iv Consideration of developments like Polaris by local officials must sometimes be sacrificed to the necessity of dealing with other immediate issues related to the very survival of the community. Beyond the general impact of development on communities that supply employees, the potential effect of Polaris on the infrastructure of Resolute, which is a staging community, has been recognised as considerable.

v The purchase of goods and services for construction and operation of the mine creates secondary employment in different parts of the country, as does the spending power of mine employees. This question of economic spinoffs has been of interest to a number of parties including Cominco, the federal government, the GNWT, ITC, IDC and northern communities. It remains to been seen how northerners will participate in future resource developments, and what will be the involvement of individual community entrepreneurs, community development corporations which might emerge, and organizations like IDC and co-ops.

vi The relationship of the Polaris development to other resource development initiatives occurring in the north today, or anticipated in the near future needs to be examined. For example, a socio-economic study commissioned by Cominco pointed to the dangers of uncoordinated competition among major projects for northern employees. A potential scramble for the available northern labour force would be disruptive to community life and unprofitable for the various projects in the long run. The challenge of coping with multiple resource developments of a major nature is one which must be faced by communities in the central and eastern Arctic, as well as by other levels of government. A useful approach to coordinating the various levels of government and proponents of development, while at the same time dealing with the effects of development pressures on communities, must be developed.

vii A central question which emerged from the Polaris case study concerns the extent to which individual communities are prepared to deal with resource development in the North. This question of preparedness seems to break down into three components.

- the extent of interest which individual communities show in resource development matters and in pursuing resource development;
- the extent to which communities understand the development process, the wage economy, and southern business and public administration practices;
- the extent to which individual communities have the capacity to deal with resource development issues.

There seems to be a spectrum of interest among central Arctic communities in resource development in general and the Polaris mine in particular. It remains an open question as to how companies and governments should deal with the various communities and their degree of interest, when pursuing resource development proposals.

APPENDIX IV

JAMES BAY CASE STUDY

This case study deals with the only comprehensive native land claim settlement negotiated to date in Canada, the James Bay and Northern Quebec Agreement, signed on November 11, 1975. In general terms, the parties to the agreement were the Government of Canada, the Government of Quebec, and the Cree and Inuit people of the James Bay Territory.

The comprehensive nature of the claim was reflected in the range of subject matters provided for in the agreement and in the subsequent legislation. Included were provisions related to a new land regime, structures of local government, health and social services, education, administration of justice, environment and development. Most of these matters were dealt with separately for the Cree and the Inuit peoples.

In keeping with the general focus and objectives of the Eastern Arctic Study, this paper examines those features of the agreement relevant to the interest of the Eastern Arctic Study, i.e. the implications of the land claim settlement for local government and for industrial development. For the purpose of the case study, industrial development is limited primarily to mineral exploration and development.

Lessons for the Eastern Arctic Study

Three aspects of the agreement are of particular relevance to the Eastern Arctic Study:

i a complicated land regime which delineates three categories of land, with the Cree and Inuit having varying degrees of control and influence with respect to each category;
ii participation in the management of the hunting, fishing and trapping regime and in the environmental protection regime established under the agreement;
iii establishment of a system of local and regional government.

It is by virtue of these three aspects of the agreement that industry/community/government interaction takes place. In brief, this interaction occurs mainly through two distinct channels: local controls over the impact of development activities, and the environmental protection regime.

Local governments, however, have little effect on development. The agreement makes no provision for formal consultation between local government structures and industrial developers. The community thus has minimal opportunity to influence the pace or nature of development in the surrounding areas except through the environmental protection regime, which is also limited in effect. It is unlikely that a developer would voluntarily consult with a community, let alone negotiate conditions of development, about proposed activities beyond the immediate vicinity of the community. Those developers who do deal directly with communities may be seen as exceptions to the general rule.

As the only comprehensive land claim settlement concluded in Canada to date, one would expect that the James Bay and Northern Quebec Agreement would have direct relevance for those groups who are at present involved in claims negotiations. However, those parties currently engaged in negotiations dismiss the agreement as a persuasive precedent, indicating that they are committed to viable political structures at the local/regional level, to participation in economic development and to a meaningful level of involvement in administrative/regulatory bodies.

It is possible, however, that, as happened in the case of the James Bay settlement, negotiable matters may be reduced if large-scale development seems imminent prior to a claim settlement. Perhaps the most relevant lesson to be drawn from the James Bay case is the effect of negotiating a settlement under intense pressure. In James Bay, this fact affected the tenor of the negotiations, the amount of leverage or negotiating power of the various parties, the content of the agreement and the course of the implementation.

APPENDIX V

THE BAKER LAKE CASE STUDY

This case study deals with the interaction of industry/community and other governments in the Baker Lake area from approximately 1970 to the present. Considerable national attention was focused on this area in the late 1970s when the community of Baker Lake was involved in a major court action that tested the issue of aboriginal rights. The impetus for this action, however, emerged from the interaction of mineral exploration companies, government and community over a period of ten years. This paper concentrates on the events preceding and following the court action rather than on the case itself.

Since the late 1960s the vicinity of Baker Lake has experienced massive waves of exploration for uranium. Considerable controversy has been generated with respect to the effect of exploration activities on traditional pursuits such as hunting, fishing and trapping. During the 1970s the community of Baker Lake sought through a number of means to halt exploration activity. It eventually succeeded in obtaining a land freeze in 1977 and a temporary injunction in 1978. This injunction was lifted in late 1979 and exploration activity has continued. This case relates and assesses industry/community/other government relations during this time.

The case study discusses a number of issues arising from the chronology of events: the nature and implications of exploration activities versus actual development; the history and effects upon interested parties of the land use regulatory regime in the Keewatin; the evolution and articulation of community concerns; the development of methods for exerting community influence; and the influence of land claims and related issues.

Lessons for the Eastern Arctic Study

i mineral exploration activities cover a wide geographic area whereas development of a specific mine does not require a great deal of space. The speculative nature of exploration and the extensive territory required for exploration work may require special processes to minimise conflict between interested parties, to accommodate the concerns of the community, industry and government, and to promote maximum benefits with the least disruption for all.

ii Exploration for minerals may occur without a mine being developed. There may be some value to moderating the impact on a community when exploration activity, which may have occurred over a period of years and which created certain socio-economic expectations and dependences, suddenly ceases and no development occurs.

iii Differences in the size or scale of exploration may need to be reflected in the approach used by companies and governments to community consultation. For example, different approaches may be necessary in the Beaufort Sea area than would be used in Baker Lake.

iv there are currently limitations on the authority of local governments and groups regarding land use both inside and outside community boundaries. This case shows the need to develop ways in which local interests and concerns can be expressed to industry and senior levels of government and dealt with.

v community consultation can be interpreted to include a range of activities extending from participation in decision-making, to discussions on substantive matters with reasonable hope of influencing outcomes, to mere information-sharing. The expectations of all groups involved about the intention and possible results of any consultative process need to be made clear.

vi Consideration should be given to the question of who should have the major responsibility for starting and sustaining discussions among communities, companies, the territorial government and the federal government regarding exploration and development.

APPENDIX VI

THE NANISIVIK CASE STUDY

The Nanisivik mine is a small lead/zinc producer located at the northern tip of Baffin Island. Its work force of about 200 is almost 25 percent Inuit. The Inuit workers, along with employees recruited in the south, live at the mine site in a planned community. The mine began production in 1977, and is expected to be in production for another 5 or 6 years.

A number of aspects of the planning, operation, and regulation of the project have been controversial. This study looks at those issues related to the Nanisivik mine that will help in understanding the needs of all parties involved in local government and the regulation of resource development in the ITC claim area.

Relevant Issues

i **Community participation in the planning process**
Arctic Bay is the closest community to the Nanisivik mine, and is linked to it by a road. The community was visited by company representatives frequently during the planning stage and kept informed of progress. GNWT officials visited occasionally, and federal officials even less often, in spite of the fact that DIAND played the major planning role. The community feels that it was never asked for information or advice by the government planners, and that its views and needs were not adequately taken into consideration. Other communities in the Baffin were even less involved in the planning.

ii **Participation in planning and monitoring**
Planning for Nanisivik was a joint effort of the company's consultants and the Interdepartmental Working Groups. Monitoring has been the task of interdepartmental monitoring committees, which have no sanctions to ensure that original plans are being carried out as agreed. Except for the company, no nongovernmental agencies or interests have been involved.

iii **Social impact on Arctic Bay**
Early concerns about the potential for harmful social effects on Arctic Bay have in general not been

realized. A major factor in this regard was the decision to build a separate townsite, which has insulated Arctic Bay somewhat from southern influences. The company's policy of restricting alcohol and of restricting access to Arctic Bay has also helped.

iv Employment and training
The original goal of 60 percent Inuit employees has never been realized or even approached. However, there is a growing realization that the 20 to 25-percent level actually reached is reasonable. Although the training program for Inuit workers started slowly, considerable progress has been made since 1981. The mine has provided employment experience and income for a significant number of north Baffin residents.

v Economic spinoffs
The potential for economic spinoff benefits for northern residents from the Nanisivik development may have been constrained by the creation of a dedicated townsite and by some company policies.

vi Environmental issues
The major environmental issue related to Nanisivik was the disposal of mine tailings. A secondary issue is the disposal of sewage. Both are complicated by the lack of environmental baseline data for the region to provide a basis for evaluation.

vii Nanisivik as a pilot project
A recent evaluation has reported that most of the government's original goals for the development have been achieved. There have been advances in technology and economic benefits to the Baffin region, with few negative environmental or social effects.

viii The use of monitoring committees
The monitoring committees have provided a means of intragovernmental communication. They do not, however, appear to be useful means of ensuring compliance with terms and conditions of agreements.

ix Government equity participation
The federal government demanded an equity share in the project because of its large infrastructure commitment. The experience has provided some useful insights into the value of equity participation as a means to controlling or regulating development.

Lessons of Nanisivik for the Eastern Arctic Study

i Identification of affected communities
Communities that will be affected by resource developments should be identified early in the planning stage so they can be consulted. Further, they should be categorized by type of impact that can be expected (e.g. social, economic, environmental), and consulted specifically on those issues.

ii Identifying the role of the community
It should be made absolutely clear to the community whether its role in any particular consultation process involves receiving information, giving information, giving advice and opinions, real influence in decisions, or any combination of these.

iii Communities and utilities
Northern communities are totally dependent on the federal and territorial government for the provision of a broad range of local services, but their control over the quality is very limited. Some means of increasing community control over these areas should be considered, particularly when externally-imposed resource developments lead to pressures on and expansion of such services.

iv Community options for resource development
Past experiences can help with future decisions by providing in-depth information on communities that have followed different paths of involvement in resource development. These options can include: controlled access between established and new communities (e.g. Arctic Bay and Nanisivik); the creation of a new community (e.g. Nanisivik); or expansion of an existing community (e.g. Rankin Inlet). It is hoped that, in future, communities will be able to learn from these experiences when making their own choices.

v Information needs
The lack of social and environmental baseline data has handicapped attempts to monitor and evaluate the operations of Nanisivik. Resource planning should include planning for adequate and reliable baseline data, as well as on-going studies to facilitate evaluation.

vi Employment and training of northerners
Employment and on-the-job training of northerners appears to be constrained by a number of factors that must be dealt with if northerners are to compete successfully for jobs. Among these factors are: the problems associated with leaving the home community to finish high school or to take apprenticeship training, and southern teaching techniques which may not be the most appropriate for Inuit students.

Conclusion

Neither the worst fears of social disruption nor the highest hopes for economic benefits from the Nanisivik development have been realized. However, the project has been relatively successful, making significant economic contributions to the north Baffin region while causing minimal social and environmental disruption.

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THE INSTITUTE OF LOCAL GOVERNMENT

The Institute of Local Government, Queen's University, was founded in 1944 to provide a focus for educational and research activities related to municipal government in Canada. It was part of the School of Graduate Studies and Research at Queen's University. Katherine A. Graham was Director of the Institute until it closed at the end of 1983.

Within this broad mandate, the Institute devoted itself to the continuing education of municipal officials, to the provision of advice to municipal officials and others dealing with various problems related to urbanization, local government politics, organization and management. Its research program spanned eight broad areas of interest:

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THE CENTRE FOR RESOURCE STUDIES

The Centre for Resource Studies (CRS) was established in 1973, under the sponsorship of Queen's University, the federal Department of Energy, Mines and Resources, and The Mining Association of Canada, to carry out a program of research and publication on mineral policy issues.

The Centre provides opportunities for multidisciplinary research in resource studies at Canadian universities, furnishes reliable information on matters related to mineral resource policy, and promotes closer liaison between government, industry and other concerned groups. The research program is carried out both at the Centre and by means of contracts with qualified investigators, usually at Canadian universities. Small exploratory studies are also funded, through a system of grants-inaid of research. CRS Seminars involve representatives from governments, industry, universities, labour, and other interested groups in working sessions on issues of current concern. Through this program of research and seminars, and the resulting publications, the Centre contributes to informed discussions and a better understanding of significant issues.

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